Behind the Soaring Base Metals (Page 11)

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The Nation's Business

Can Bankers Talk Language of the Masses?

Mr. Herridge Asks for a Plan

But He Also Wants To Save Democracy

Business Must Play Square With Public

Social Credit Loses Edmonton Election

The Bankers and the People

S. H. LOGAN'S address as president of the Canadian Bankers' Association was a splendid summary of the current business situation, both in Canada and abroad. He found many favorable facts in our situation, so many that he was able to conclude that for the majority of Canadians the depression is over.

Mr. Logan's address has been placed before the whole nation. There have been extensive extracts in the news columns of the papers. The whole address has been published as an advertisement by the Canadian Bankers' Association. To informed businessmen and to students of affairs it will prove valuable. But how interesting will it be to the man on the street, to the average farmer, the average workingman? We fear that but few of them will even attempt to read it and still fewer will complete the reading if they start it.

Mr. Logan's address was a paper prepared by one banker to be read by other bankers. Such an address has little popular appeal.

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THEREIN is one of the very difficult and very serious problems the banks are up against in their relations with the public. Since the bankers have paid to have this address widely published we assume that they must want to get it out to the rank and file of the people, who are very much under the spell of monetary medicine men and critics of the banking system. Yet the medicine men and critics talk to the man on the street in his own language while the bankers do not.

Perhaps if bankers were good demagogues they would be poor bankers. Perhaps if Mr. Logan's particular forte were expressing his ideas in short, simple sentences, arranged in short and equally simple paragraphs that were as illuminating as they were imaginative, he might, by the law of compensations, have been deficient in the qualities that make a great administrative head for a great bank.

Mr. Logan's address is not easy reading even for the ordinary businessman. It is certainly beyond the understanding of the mass of voters who have no difficulty—or think they have no difficulty—in understanding men like Mr. Aberhart.

The banks are all going into their year-ends and will shortly be holding their annual meetings. They will be publishing the speeches of their officers. They will have no difficulty getting their speeches read and understood by—if we may be so immodest as to say so—men and women of the type who read The Financial Post. But they will have to come down from their high banking pedestals and talk in simpler language, in more direct and more colorful language, if they want to be listened to by Mr. and Mrs. John Public.

Mr. Logan may feel a bit complimented to have us say he is no rabble-rouser. But he and his fellow bankers have to give serious thought to how they are going to compete with the rabble-rousers.

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Mr. Herridge's Golden Stairs

MR. HERRIDGE'S vision of a democratically planned Utopia in Canada leaves one a little bewildered. It is a little difficult to criticize a man who says we can have anything we want just by planning for it. To question his statement, to challenge his optimism is to be put down as a hopeless pessimist, a reactionary, an apostle of orthodoxy, a sceptic on human nature.

Yet our present economic society is run according to a Plan. The best name for it is Personal Liberty. It is a Plan that emphasizes competition as the spur to achievement; that would ensure the advance of all by marshalling the effort of the many. The Plan has not worked perfectly. However reluctantly, one has to conclude that perhaps the basic trouble is not in the Plan but in the people. And what is it that is wrong with people? Nothing fundamentally except that the complexities of their civilization have run ahead of their education and training for citizenship. If that is so, the place to put the emphasis is not upon a new plan but upon citizenship so that, whatever plan we have, it will work.

• • •

MR. HERRIDGE no longer wants the development of our economic society to be left to the free play of economic social forces, to laissez faire, to competition. Most people who talk like that have an idea that the affairs of the world

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Millions of Cash Ready For Alberta if Premier Swings Away From Left

Oil Capital Poised to Enter Promising Fields in Province

CABINET DIVIDED

Left Wingers and Right Wingers Both in Social Credit Group

By STAFF EDITOR

EDMONTON.—The cabinet of Premier Aberhart, like most cabinets, embraces men of highly diverse views. Not even as Social Credit doctrinaires do they find common ground, for there are at least four men in the cabinet of whom it can be said with reasonable certainty that either they never believed in the Aberhart brand of Social Credit or have been converted from it.

The story is told by friends of Hon. C. C. Ross, Minister of Natural Resources, that about three weeks ago this one businessman in the cabinet, who has never spoken in favor of Social Credit, but who has gone on quietly attempting to interest outside capital in the development of oil and other Alberta resources, went to Aberhart and told him that the time had come when the Premier had to decide which turning he would take. He must either get rid of the radicals in his cabinet or the moderates would leave him.

Oil Capital Is Timid

The story may well be true. Mr. Ross has plenty of reason to feel that the Premier should make his choice quickly and decisively. Alberta's oil fields are on the verge of tremendous further development. Capital in large amounts is ready to pour into them seeking the great reservoir of crude oil which geologists hope Alberta will some day reveal, and reveal possibly within the near future.

It is believed in Edmonton that Mr. Ross has several large deals pending, involving the investment of many millions of dollars in Alberta, but that he cannot close them up because he cannot give absolute assurance to the interested parties that Aberhart is in control of his cabinet and his Government, or even that, if he were in control, he could assure them of fair treatment and protection for whatever capital they invest.

The Cabinet Ministers in Alberta are not by any means all Social Crediters. It was popular a few months ago to divide the cabinet two ways, into Right Wingers and Left Wingers. A certain line-up of ministers was presented. The division that would then have applied no longer does as there have been switches. But the line-up below is probably not inaccurate today:

Right Wing or Moderate:

Hon. C. C. Cockroft, Provincial Treasurer and Minister of Municipal Affairs, who is more concerned with seeing Alberta through than with making it a site for a new Paradise.

Hon. C. C. Ross, Minister of Lands and Mines, who is not a Social Crediter, never was, and cannot be induced to discuss the subject.

Hon. W. N. Chant, Minister of Agriculture, Minister of Water Resources and Irrigation, once a Social Crediter and a member of the Left Wing group, now a convert to more practical ideas.

Left Wing or Extremely Radical:

Hon. Dr. W. W. Cross, Minister of Public Health.

Hon. W. A. Fallow, Minister of Public Works.

Hon. Lucien Maynard, Minister Without Portfolio.

Neither Left Nor Right:

Hon. William Aberhart, Premier and Minister of Education.

Hon. E. C. Manning, Minister of Trade and Industry and Provincial Secretary.

Hon. John W. Hugill, K.C., Attorney-General.

The three Right Wingers and the four Left Wingers do not call for any particular comment on the reasons why they are so placed. The last three, who are put in neither camp, are entitled to a word of comment.

Who Dominates Aberhart?

No one in Alberta who is really in the know has the illusion that any more that Mr. Aberhart really believes in his whole Social Credit programme — unabridged and unchanged—or that he really wanted to put through the debt reduction schemes in the extreme forms they finally took. If Mr. Aberhart ever summoned up the courage and energy he shows on the public platform, and if he decided that he would run his show as his experiences of the past year have taught him it should be run, there is no doubt that he would turn out to be a man of much more moderate views than those he has been expressing in speech and legislation. Mr. Aberhart will remain a radical so long as he allows himself to be dominated by a handful of radicals. If and when he shakes off their control, he may even prove himself to be a socially minded conservative of deep human sympathies.

Aberhart's "Man Friday"

Of Mr. Manning the most apt description seems to be that he is whatever Mr. Aberhart is. As the Premier's "Man Friday" (a phrase used without any effort at derogation) he will probably follow his leader wherever his leader goes. A stubborn, loyal, industrious Bible student, he has the brittle shell of a man who is too serious in pursuit of doctrines to laugh, to compromise, to humanize.

Mr. Hugill is not easily classifiable. He has gradually been shifting his ground to a position slightly detached from the chaotic battle of doctrines and policies. If he were more positive in the expression of his views, if he felt impelled to fight more vigorously against extreme manifestations of irresponsible lunacy, he could be put with the Right unquestionably. In fact, it is said that a group of advanced Social Crediters in the party narrowly lost out in an effort to have his resignation demanded as part of the campaign to secure the appointment of a Social Crediter to the post. In any event he is no longer one of them. He has long since passed the stage where he will take orders from the Left Wing crowd, but he is apparently not yet at the point where he will come out vigorously for the Right.

The "Irresponsibles"

Obviously, in this discussion, the terms Left and Right are used relatively. The word "Right" cannot be used in more than a relative sense. The word "Left," used in connection with Alberta, has to be broad enough to cover men who are irresponsible, economically uninformed or merely desperate, just as

(Continued on page 2, col. 3)

Aberhart Side-Steps Dividends Once More

From Our Own Correspondent

EDMONTON.—An about-face on the part of Premier Aberhart in his attitude toward Social Credit dividends confirms the impression that the Aberhart Government has decided to side-step the payment of dividends, for the present at least. Assurances of a few months ago from Mr. Aberhart that he was bending every effort to set his Social Credit system going in a year or 14 months instead of 18, have faded mysteriously out of the picture. Recently speeches of leading Social Crediters have either ignored dividends or mentioned them evasively.

Social Credit M. L. A.'s who have had recent contact with the Government in Edmonton have taken back to their constituents word that the date of issue of dividends is "indefinite." "I can't say," is the reported reply of Hans E. Wight, Lethbridge member, to a question when dividends will come. It would not be this year, Mr. Wight indicated.

As may be expected, frank confirmation of delay in regard to dividends is not available from Mr. Aberhart, but recent remarks from his Sunday pulpit reveal clearly the doubt and confusion that have arisen in official circles. The Social Credit Premier said at Calgary, if he were given five years he would not need to "rush so much."

In the Social Credit newspaper's report of Mr. Aberhart's speech, this sentence appears: "I trust that the people will understand if I am unable to do all they might expect." Naturally this inaction has brought more rumblings of discontent.

B. C. Barren Ground

From Our Own Correspondent

VANCOUVER.—British Columbia has received with calm and a certain amount of indifference the challenge of Aberhart's Social Credit party to invade this field at the next provincial election.

Under the temporary leadership of John Loveseth, formerly of Camrose, Alberta, but now living here, a man unknown to public life in the past, the British Columbia Social Credit group is said to have had the personal blessing of Alberta's Premier in its campaign to put a candidate in every riding when Premier Pattullo calls the next election.

Pattullo Calm

Premier Pattullo, incidentally, is unperturbed by the threat of Social Credit. His aversion to Aberhartism is already well known.

The few Social Credit candidates who essayed the last election fared pretty badly, and the general feeling here is that if another contest were called in the near future they would meet no greater success.

The recent trip of Premier Aberhart to Vancouver, where members of his family reside, was described at the time as a purely personal visit, but now it appears that it was in the nature of "a missionary tour." The Great White Father of Social Credit discussed campaign plans with leaders of the movement in B. C. and gave orders to proceed with strategy designed to win this province over to Social Credit so that the two farthest western provinces would present a united front.

Want Nothing of Plan

Rising prosperity, which is everywhere apparent in British Columbia today, is a barren ground for the seeds of economic theorizing. The people of B. C., as a whole, may be far from satisfied with general conditions, but they are not prepared at this time to pin their hopes in the sort of programme Aberhart has to offer.

TO PROBE RAILWAY WAGES

Mr. Justice A. K. MacLean, president of the Exchequer Court of Canada (centre), chairman of the board appointed by the Department of Labor to investigate with W. Sanford Evans, of Winnipeg (right), and Fred Bancroft, of Oakville, Ont. (left), the dispute between the Canadian railways and the 17 trade unions.

The unions are seeking discontinuance of the present 10% deduction from basic rates of pay and the railways are opposed.

Mr. Justice MacLean was appointed by Hon. Norman Rogers, Minister of Labor, following the failure of the other two members of the board, chosen by the two parties to the dispute, to agree on a third member and chairman.

Mr. Evans was nominated by the railways and Mr. Bancroft by the employees, of whom approximately 100,000 are involved.

Quebec Power Firms Watch Waterways Plan

Success With Project Would Make It Difficult for Quebec

From Our Own Correspondent

MONTREAL.—Quebec power interests are displaying no little interest in the revival of the St. Lawrence waterways scheme and its possible effect on their own future operations.

President Roosevelt's re-election by such a big majority makes it practically certain that he will go ahead with his plan to secure United States' participation in the enterprise.

The development of the international section of the river would provide employment for several thousand men over a period of three or four years. The United States treasury is well able to take care of the expenditure involved, and, politically, it would be a master-stroke.

The feeling here is that President Roosevelt is so anxious to get the project under way that he will undertake to have the American Government bear all the expense, the work on the Welland Canal and elsewhere being considered sufficient contribution from Canada.

Prospects of securing ratification of the treaty in the United States Senate are more favorable than they have ever been. Consequently Quebec power interests are watching the situation closely, wondering just how it will affect them.

New Set-up Favorable

The composition of the new Senate will be more favorable toward the treaty. Further, it is reported that President Roosevelt is prepared to make some modifications in the terms of the agreement, so as to secure support from the senators representing areas not affected by the waterway. The western senators are more likely to look with favor on the project in view of the Government work on the Boulder Dam project, while the completion of the Tennessee Valley power project has gone a long way toward satisfying political interests in that section.

One of the strongest arguments in favor of the development of the international section of the river is that some 2,000,000 h.p. of electrical energy can be developed in the section. Half of this would go to American states, particularly New York, and the other half to Ontario.

Give Ontario Whip-hand

Ontario is faced with a problem of providing for future supplies of power without having to back down on its stand in regard to buying from Quebec.

If the waterways treaty is passed by the Senate and agreed upon by Canada, it would not take more than four years to complete the deepening of the channel and provide the remedial works necessary for the establishment of power plants.

Ontario could then go ahead and develop the power sites and agree to develop the power sites and agree to develop the energy to meet the requirements of Ontario Hydro for years to come without the necessity of drawing upon Quebec; in fact, it would be possible for Hydro to let the Gatineau Power and Maclaren contracts lapse.

Hit Quebec Companies

This would mean that the Ontario market would be closed, probably permanently, to the Quebec power producers. The latter have been investigating possibilities of marketing surplus power in New York state. At present there is little prospect of making a contract for firm power. Some secondary power might be marketed in New York state, but the cost would be rather prohibitive.

This slim hope of finding a market in New York state to replace the lost Hydro business would be effectively wiped out if New York was able to obtain a supply from the proposed development on the international section of the St. Lawrence.

Int. Petroleum Earnings Gain

Annual report of International Petroleum Co. for the year ended June 30, 1936, will be mailed to shareholders in a few days and will reveal a very satisfactory position with some increase in earnings.

The report for the year ended June 30, 1935, was the first public statement of its kind, so comparison of results is possible this year for the first time. Last year's report showed earnings equivalent to $1.49 a share on the common stock. This compares with the current dividend rate of $2.50 a share annually which includes $1 a share of "special" extra disbursements.

Highlights

"Crown Prince" Manning

Aberhart's radio stooge has risen to virtual control of Alberta's Social Credit operations. Page 20

Wills and Estates

Pitfalls beset "amateur" makers unaware of legal restrictions affecting terms of a will. Are eccentric wills valid? Page 10

Can Alberta Pay?

Walker-Elliott report (page 12) arouses criticism of other economists over reported ability of Alberta to pay full interest charges. Page 8

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Many Changes In New Prices Of 1937 Cars

Most Models Lower in Price Than in 1936 But Some Cost More

FEW UNCHANGED

It sounds like a hard job to sell an automobile without being able to quote the price. Yet that was what actually happened last week at the National Motor Show at Toronto. Some of the shiny new models stood there most of the week without price tags—yet people came—and saw—and bought.

Now most of the "price" news is out and it makes interesting reading.

For example the little price tags on Ford show the new 60 h.p. economy car (coach) will sell for $798 delivered with license in Toronto. This is $45 less than the 85 h.p. V-8 coach which is quoted at $843. However, the car with the bigger engine shows an increase in price of $35 over the corresponding model last year.

Another price shift is seen in Chevrolet. Last year's standard model has disappeared and becomes "a new and finer Master" for 1937—the price of the coach ($828) delivered at Toronto is up $11 from last year's standard model but down materially from the 1936 "Master." In addition Chevrolet is also marketing a "Master De Luxe" which is lower in price by $33 from last year's Master car.

Pontiac Down $140

Most important price reduction in the low price field is the Pontiac Six which is quoted on a delivered basis in Toronto (coach) at $1,016. This is $142 less than the corresponding model last year.

Hudson-Terraplane Higher

On the up side are Terraplane and Hudson—the former line higher by $20 and now selling in Toronto at $1,036 for the de luxe coach and $1,145 for the custom coach. Hudson prices are higher by about $50 with the 122-inch six selling at $1,241.

Comparative figure as far as obtainable for 1936 and 1937 are as follows:

Delivered Prices of Coach Models in Toronto (License Included)

	1937 Prices $	1936 Prices $
Ford—60 h.p. (Stand.)	798	...
Ford—85 h.p. (Stand.)	843	808
Chevrolet (Master)	828	817
Chevrolet (De Luxe)	920	953
Plymouth (2-door Sedan)	907	947
Plymouth (Touring Sedan with trunk)	929	932
Terraplane (De Luxe)	1,036	1,016
Terraplane (Custom)	1,145	1,125
Pontiac (224-6)	1,016	1,158
Dodge (Tour. Coach) De Luxe	1,018	1,024
Dodge (Tour. Coach) Custom	1,097	1,120
Nash-400	1,065	1,171
Studebaker (Dictator)	1,152	1,154
Oldsmobile Six (De Luxe)	1,181	1,194
Hudson Six (122 inch)	1,241	1,191
Hudson Eight (122 inch)	1,303	1,253
De Soto (Custom)	1,207	1,298
Studebaker (President)	1,520	1,740
Packard (Six)	1,375	...
Packard (One Twenty)	1,620	1,655
Buick 40 Series	1,317	1,368
Buick 60 Series	1,641	1,710
Nash Ambassador Six	1,265	1,325
Nash Ambassador Eight	1,422	1,476
Chrysler Royal Six	1,204	1,284

Page-Hersey Tubes Enjoys Good Year

Page-Hersey Tubes Ltd. has been enjoying a good year with a large pipe-line contract and a slight increase in its normal sales of pipe to meet ordinary demand in building and construction. However, there is no immediate prospect of an increase in the dividend of $3 a share, The Financial Post is informed.

The company is well equipped to handle some types of munitions business but apparently has no orders and is not soliciting this type of work. The recent upward movement of the shares is believed to be partly attributable to the current boom in "munitions stocks," but this should be regarded as in this category.

Last year's earnings amounted to $3.68 a share on the common stock compared with $3.55 a share in 1934. It is believed some further increase can be shown in 1936.

There are no unusual developments in the company's affairs to account for the pronounced rise of the shares above 100. Although many proposals have been made to refinance the company, or large blocks of its shares, none has been acceptable. Major holdings in the estate of the late president W. W. Near remain undisturbed as The Financial Post predicted would be the case months ago.

than doubtful whether Page-Hersey

MacKinnon Steel Corp. Outlook More Encouraging

From Our Own Correspondent

MONTREAL.—Outlook is encouraging and unfilled orders are ahead so far in the current fiscal year, shareholders of MacKinnon Steel Corp. were told by President D. H. MacDougall at the annual meeting. However the demand for structural steel has not kept pace with the improvement in the steel industry generally.

Directors were re-elected.

"Munitions Stocks" Up Over $50 Millions; One Plant Has Order

National Steel Car Has Shell Order But Others Vague — Business Expected But Profits Questioned

From the rumors and denials of war orders that have sent "munitions stocks" soaring, Canadian Machinery, Toronto trade newspaper, in its current issue says National Car Corp. has received an order for the Hamilton, Ont., plant to manufacture 520,000 25-pound shells.

Rise in value of so-called "munitions stocks" on Canadian exchanges appears to have been well over $50 millions in the past two months.

The Financial Post calculates the increase in value for 14 of the securities concerned in munitions gossip at over $34 millions. The total could be increased above $50 millions by including in the compilation such shares as those of Canadian Industries Ltd., which have risen $15.6 millions, and Page-Hersey, up $2.6 millions. Many others could be added too. It is uncertain, however, what proportion of these advances can be attributed entirely to the boom on "munitions shares."

The greater relative increase in stock market values for their shares appears to place in the forefront of the "munitions stocks" the securities of Dominion Bridge, Canadian Car & Foundry, Massey-Harris Co., Dominion Steel & Coal, National Steel Car.

Increases in market values are totalled below:

Rise of "Munitions Stocks" Since Sept. 15

Shares	Increase $
Canada Foundries, A and B	614,000
Canadian Bronze, common	1,080,000
Can. Car & F., com., pref.	6,106,000
Canadian Vickers, com., pref.	1,250,000
Can. Wire & Cable, A and B	1,648,000
Cockshutt Plow, common	827,000
Dominion Bridge, common	6,424,000
Dom. Steel & Coal, B	3,577,000
Gen. Steel Wares, com., pref.	1,963,000
Hamilton Bridge, com., pref.	1,016,000
Massey-Harris, com., pref.	4,095,000
Robt. Mitchell, common	595,000
Nat. Steel Car, common	3,120,000
United Steel Corp., common	1,775,000
Total	$34,090,000

Other Orders Placed

Canadian Machinery also suggests that already several other orders are believed to have been placed. It also says, "Rumor has it that four representatives of the British war office are in Canada, possibly with the object of placing contracts for munitions." So far the editors of Canadian Machinery have been unable to locate these officials.

The paper says the British Imperial General Staff has been in the habit of making a survey of Empire production resources every 10 years and that the last such survey was in 1926, so that some of the rumors may be traced to the making of a survey this year.

Ottawa Survey

Ottawa reports state that Major-General Clyde Caldwell, master of ordnance, is making a survey of munitions-making possibilities of Canadian industries.

As to denial by several companies of receipt of orders, Canadian Machinery comments, "It is possible that an order for silence has been given with every order placed for munitions. In view of this it is extremely difficult to segregate those firms who have definitely received orders from those who have not."

Caution on Profits

In its editorial comment on the position of Canadian companies taking munitions orders, the trade newspaper questions whether it is worth while and advises manufacturers to consider whether this sort of business will be continuous or whether it is a flash in the pan. It points out that considerable expense will be involved for new machinery and plant changes.

In denying that its firm has actual munitions orders, T. A. Russell, president of Massey-Harris Co., has also warned against expectations of big profits, stating: "There is a possibility that too much emphasis can be placed on any munitions orders that may come to Canadian companies from Great Britain. That is said with relation to the chances of making profits. . . . Now, it does not seem likely that the British Government will give orders in Canada at such prices as to permit high profits. The point should be considered by any person interested in the market action of the stocks of the companies which may eventually get some business."

Reports from the Old Country are that the British Government is not going to place orders at fancy prices, such as happened in the last war. Contracts placed with English manufacturers have been on a cost plus basis. This policy undoubtedly will be followed in the event of placing orders in Canada.

So far there is no indication of any of the Canadian companies refusing war orders on moral grounds. Canadian Car has admitted having a man in London in an endeavor to secure a share of the business. National Steel Car's president has been in London and is now on his way to or in South Africa. Arthur Cross, president of Dosco, says if munitions are to be made in Canada, the corporation's Sydney steel plant would be suitable to take part in the manufacturing.

Big Possibilities

Even on a cost plus basis, Canadian manufacturers of steel products consider that munitions business from Great Britain would be valuable in employing plant facilities now comparatively idle. It would absorb overhead expenses even if orders were of modest size.

Time to Equip

It is stated by steel manufacturing firms that as much as six months might be necessary for Canadian firms to get into the business of making munitions such as modern shells.

John Bertram & Sons, Dundas, would be one of the firms affected by orders for new machine tools, which steel firms would require to make some types of munitions. Canada Machinery Co., Galt, is another machine tool firm, but it has been inactive in recent years.

Dom. Textiles Real Inventory Up 67 Per Cent

Turgeon Probe Shows Its Value To Be $6.7 Millions

Shareholders of Dominion Textiles Ltd. have, in effect, inventory assets 67% in excess of those appearing in published balance sheet figures for the last fiscal year.

Details of the method of calculating inventory values and reserve were made known this week by G. Blair Gordon, president of the company, under examination by J. C. McRuer, K.C., at the Turgeon textile enquiry.

The following table reveals, in brief, the 1936 balance sheet figures of inventory as they compare with actual figures revealed at the enquiry:

Inventory Assets 1936*

	As Shown $	Hidden Reserve $	Actual Value $
Raw cot. (less reserve)	1,700,000	1,000,000	2,700,000
Goods in process, etc., at cost or mrkt	2,300,000	1,700,000	†4,000,000
	4,000,000	2,700,000	6,700,000

* Approximate figures.

† As estimated by Commission accountants.

Basis of Valuation

In a prepared memorandum of the method of inventory valuation, it was revealed that inventory is first divided into two main sections:

1. Those sections of inventory relating to basic raw materials, cotton, rayon and wool.

2. Those sections not related to raw materials.

Cotton at Low Point

Once cotton has left the bale it enters another inventory category however.

The fixed price at which it is taken in is five cents a pound on a basis of future prices (6.4 cents a

(Continued on page 2, col. 5)

Million Dollars Now Needed To Cover Price Bros. Expenses

From Our Own Correspondent

MONTREAL.—Reorganization expenses in connection with Price Bros. and Co. in bankruptcy have passed the $1 million mark and affairs of the company remain unsettled — though prospects are that something definite will be done within the next few months to take the company out of bankruptcy.

Last April it was pointed out by The Financial Post expenses up to that time, amounting to $700,000, were equivalent to 17,000 tons of newsprint valued at $41 a ton. It would take the company's two mills at Riverbend and Kenogami 17 days to turn out this quantity of newsprint working at capacity.

Since then expenses have advanced to $1,000,000, which at $42.50 a ton, represents about 25,500 tons of newsprint paper. Now it would take the two mills a whole month to turn out that quantity.

The Bondholders Protective Committee's expenses of $425,000 have already been paid by Pacona and do not figure in the present bill. Also eliminated are the expenses of the different groups which have been working on Price Bros. and Co. at one time or another, conservatively estimated to $100,000.

Under Pacona's latest plan, $550,000 will be paid for receiver's bankruptcy and reorganization expenses. This figure is not broken down, so that the exact distribution is unknown. However last April the expenses of the Montreal Trust Co., as trustee for the bondholders, were placed at $107,500. The receiver-in-bankruptcy, Hon. Gordon W. Scott, is slated to receive more than $125,000. The expenses of the preferred shareholders committee at that time amounted to $25,000, while those for the protective committees of the common shareholders and Price Realty bondholders were calculated at the relatively modest figure of

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The robe shown above, is made of fine all-wool flannel in wine shade, trimmed with polka dot patterned real silk Foulard. $10.00 each. Sizes 36 to 44. Others $12 to $25.00.

The pyjamas are from our extensive range of English broadcloth pyjamas, in woven pattern—lapel collar style. Obtainable in blue, tan, and wine striped patterns. Sizes 34 to 44. Suit $3.00. Others to $8.50.

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(tax included)

Beebe Takes Audience "500 Fathoms Down"

Dr. William Beebe, one of the most popular scientists in the world today, comes to Massey Hall, Toronto, Friday evening, Nov. 27, when he will give his lecture, "Five Hundred Fathoms Down," the story of his sensational explorations of the ocean depths off Bermuda.

Dr. Beebe has an enormous following as a result of his lectures, his books and the numerous articles which he has written for magazines and newspapers.

No other man has plumbed the ocean depths as William Beebe has. Sealed in a steel ball, or bathysphere, he beheld a new and unknown world. Dr. Beebe has had prepared a series of animated cartoons of almost uncanny lifelikeness which gives an authentic picture of this fairyland under the sea.

When should Partnerships be dissolved?

It has been truly said that the ownership of stock in a corporation constitutes in effect a partnership in that particular business . . . when the stock is sold, the partnership is dissolved.

No business man in his senses would think of dissolving a partnership *because* it was making money, yet many individual investors do just that when they sell a stock to take a profit.

An important part of the services which we perform for our clients consists of advice on when and what to sell—as well as when and what to buy—from an investment not a speculative viewpoint. There are many reasons why we sometimes advise the sale of certain stocks but the existence of a paper profit in itself is rarely one of them.

We will be glad to send you a copy of our booklet: "The Management of Your Investments".

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Millions Ready For Alberta

(Continued from page 1)

to embrace men who are thoughtful, intelligent campaigners for Reform.

A good deal of the so-called radicalism in Canada is of this character. The doctrinaire Socialist from the Old Country would not recognize the Left in the West. They are often men who are merely "agin" things as they are; they have no pronounced convictions.

For example, among Social Credit members in Manitoba are men who are Social Credit simply because they did not get the Liberal nomination for their constituency.

Aberhart Holds Power

The key man in any cabinet ought to be the premier. There is no doubt who is the key man in Alberta. It is Mr. Aberhart. He is that, not by virtue of his strength within the four walls of the cabinet chamber, but by virtue of his hold upon the people of Alberta.

When Mr. Aberhart is on the air no one can talk back to him, and perhaps very few of his listeners want to. He is a much less commanding personality in cabinet or caucus, which explains many of the vaccilations in government policy during the past year.

Medicine Man Type

Carl Jung, the eminent Swiss psychologist, says there are two types of dictators—the chieftain type and the medicine man type. Mr. Aberhart is of the latter variety but his command of the masses who follow him is no less complete for that reason. It is not certain that Mr. Aberhart realizes his strength to the full. If he did, or if he were the chieftain type of dictator, it is unlikely that he would stand for so much interference from his followers, as when they made him change his mind about going into the Dominion-sponsored Loan Council plan, and when they made him call the special session of the legislature in the late summer to speed up Social Credit, and relieve the farmers arbitrarily of their debts.

In 12 years, as Bible prophet and economic medicine man, Mr. Aberhart has perfected a radio technique that is magnificent in its power and sweep. The hold he has on the audience before him is but a sample of the personal magnetism he projects over the air to thousands of listening farmers and their families. Before the microphone, on the platform, Mr. Aberhart feels himself possessed of infinite power. The ideas pour out rapidly, illogically but compellingly. A stenographic report of his addresses does not make much sense. But the words, as spoken, carry the listeners along.

Where Rebels Rule

It is a different Aberhart who presides at cabinet meetings, who stands before his embattled members in caucus. There the power is held by the 34 intransigent rebels against the present economic system, who are the largest single group among the Social Credit members in the legislature. Many a time and oft. Mr. Aberhart must have longed in caucus for the sense of power and strength he has felt before the microphone. To the people of Alberta. Mr. Aberhart is the Government. To the Social Credit members of the legislature, he is apparently only the instrument by which the great Programme is to be carried out.

This situation is not being revealed here for the first time. It has been repeatedly emphasized in The Financial Post. It must be borne in mind constantly or no sense can be made out of the confusion in Alberta. Mr. Aberhart is not the master in his own house. This statement makes him furious, but it is true. If he were the master, the situation in Alberta would be much less disturbing, the legislation would be much less radical, and the menace of present Alberta events to Canadian stability would be much less sinister.

Aberhart Surrenders

Just when Aberhart first admitted the control of the irresponsibles around him is not entirely clear. His first real surrender probably came on April 1 last, although he had had plenty of hints before that of what was expected of him. That was the date of the province's first bond default. At the very last hour, after it had been announced that the province would default, but before the banks were open for bonds to be presented, he was meeting with his cabinet in a session called that very morning to reconsider the decision not to play ball with Ottawa. Advised by wise counsellors to compromise, to save Alberta credit, Aberhart put it up to his cabinet to deposit treasury bills with the bank to meet the maturity, accept a Dominion guarantee, and agree to go into the Loan Council plan. Just what the vote in the cabinet was is not known, but it was probably in favor of meeting the bond issue this way. Hurriedly the members were called into caucus. One by one they spoke:

"You have to default some day anyway, why not default now and get it over with?"

"You must not sell out Alberta to the East."

"Alberta is going to run its own show."

From every corner of the room he was told that he must not make a deal.

Aberhart was grudgingly willing, the cabinet was willing. The caucus was not. And so Alberta defaulted against the better judgment of its Premier and the majority of his cabinet.

The session went on. The legislation in the main was orthodox, much of it very good. Some of it attracted favorable attention from business commentators. There seemed to be no evidence that Aberhart was going to attempt to legislate Alberta's moneyless Utopia into existence. The session closed and Aberhart, with his wife, went off to British Columbia for a holiday.

While he was away, the irresponsibles, under the leadership of Lucien Maynard, a 28-year-old, French Catholic lawyer, got together, aired and shared their common discontent that the Premier was taking things too slowly. It is even said that 34 of them signed a petition of recall for the Premier. They were ready to oust him and put a more fiery man of action in to clean up on the big interests and the creditors; to rush Utopia.

Aberhart hurried back from his holiday. He called off a meeting that the discontents had called, and told their leaders to listen to his radio addresses during the summer, wherein there would be revealed his programme for Alberta. That the programme was outlined for him chiefly by Mr. Maynard is what well-informed Alberta believes.

Then came the short session in Alberta promoted by the radical group, who were moved both by their desire for action and their needs for indemnities. Two of Aberhart's more conservative ministers were in the East. The radicals dominated the show, made Aberhart look helpless and rudderless as they rebuked him publicly and railroaded through the scrip scheme, the debt repudiation scheme, and the plan for state credit houses.

What is the situation now? How long will Aberhart stand for the domination of his cabinet by a radical group with whom he is largely in disagreement and whom he distrusts as men likely to bring Communism—which he hates—to Alberta? The answer will be an important one. Upon the degree of Mr. Aberhart's intestinal fortitude may depend, the immediate future of events in Alberta.

The Nation's Business

(Continued from page 1)

can be best managed by the dictatorship either of a chief or a group. But not Mr. Herridge. He believes in Democracy. He wants our Plan devised and managed by the people themselves. The blue print will come out of the ballot box.

One would have more faith in the ability of Democracy to produce such a practicable and workable plan if Democracy had demonstrated first its ability to produce peace; if Democracy had been able to end extreme economic nationalism; if Democracy had found the way to get itself ruled by its superior men and women. Some day Democracy may be able to do these things. Right now it is overloaded with responibilities. It is still creeping and has not yet learned to walk, much less to carry such a load as Mr. Herridge would put on it.

• • •

MR. HERRIDGE is an idealist; we are glad he is and hope he never loses his vision of the world we can have some day. But like so many idealists he has tremendous faith in people's ability to do under some other system what they have shown themselves yet incompetent to do under the present system. Is there any assurance that the people would be more competent to direct and reform their economic development through a system of regimentation under politically chosen leaders than under our instantly bettering system of co-operative individualism? That is the real issue that Mr. Herridge does not face up to.

What Mr. Herridge asks for is a society that can be directed only by supermen chosen by an electorate of fully educated and thoroughly enlightened citizens, among whom personal greed, jealousy and all I. Q.'s under 115 have been abolished. Is he satisfied that we have yet achieved such a high degree of intelligence and understanding in our citizenship? Is he satisfied that we have the supermen to do the job? This is an important point, for if he fails to produce a political society that is at least 98% honest, unselfish, trained in citizenship and moderate in all things, he can make state regimentation work only through dictatorship or oligarchy. Before he has got his plan into operation he will have destroyed the Democracy he hopes to save.

• • •

THE essence of Mr. Herridge's reasoning is that people as voters have more intelligence than they have as workers; that the Parliament Buildings provide a more effective atmosphere for economic development than the factory, the farm and the marketplace.

Mr. Herridge must believe that the world has made a greater success of its political system than of its economic system; that the whirl of politics brings the best and most unselfish men to the top, while the dizzy spinning of business puts only the most stupid and selfish people in command. If that is right, then by all means there is something rotten in our society and we ought to turn our economic system over to the politicians to blueprint and manage. But it is not right. It is a false premise.

By and large, Democracy works about equally well — or equally badly—in the economic and political spheres. In both fields it will learn to do better. But as yet there is no evidence that the politicians can man the pilot engine of the economic system any better than the leaders of business, agriculture, labor and finance, who are, in nine cases out of 10, leaders by virtue of demonstrated ability.

• • •

Businessmen and the Public

WALTER LIPPMANN tells American businessmen that the important question for them now is not their personal relationships with President Roosevelt but the way they conduct their business enterprises.

There is a lot in this. Businessmen always do a great deal of worrying about how they can best win the goodwill of the Government in power and work with and through it to achieve their aims. Many of them put a great deal of emphasis upon campaign fund contributions; they have their lobby agents working among the members of Parliament; they seek to shape legislation to their ends or prevent legislation being passed that runs counter to their interests. To certain of these activities no objection can be taken.

More important than all of these things is public good will and public understanding. What the people think is more important than what governments think, for governments in the long run are responsive to popular opinion.

• • •

THAT is why episodes like the revelation of Canadian Cottons secret inventory reserves are bad for the business concerns involved. It will be hard for Canadian Cottons now to convince the public that it played square with them, that it told the truth to its shareholders, that it was really suffering when it complained about tariff changes.

The Government can do what it likes now with the cotton textile tariff. There will be few people ready to rush to the support of Canadian Cottons if it gets hurt.

The Financial Post protests when business is misrepresented by counsel for Royal Commissions, by parliamentarians, by editors, or other publicists. It concedes to the people an equal right to protest against business when business itself is guilty of misrepresentation.

• • •

Social Credit Loses Election

EASTERN newspapers have interpreted election results in Edmonton as a victory for Social Credit. As a matter of fact Social Credit suffered a severe set-back.

In Edmonton, Mayor Joseph Clarke was re-elected by a tiny majority over the candidate of the Citizens Committee. Mayor Clarke did not come out on a Social Credit platform although he had Social Credit support. Only for the aldermanic and school trustee seats were there Social Credit candidates and these were all defeated.

Social Credit still retains its hold in rural Alberta, not so much because of belief in the doctrine itself as because Mr. Aberhart holds the public with his radio appeals and because so many rural Albertans regard him as an active flea to annoy the creditor dog. But the Social Credit groups are rapidly losing out in the cities of Alberta, where disillusionment concerning the moneyless Utopia is almost complete.

To Consider Sale Of Staveley Apts.

A meeting of Staveley Apartments bondholders has been called for Nov. 30 in Toronto to consider offers for the purchase of the property concerned, a 3-story, 48 suite apartment building on Broadview Ave., Toronto. It is understood that several offers have been made.

Dom. Textiles Real Inventory

(Continued from page 1)

pound to allow for difference between actual value and futures). The average grade of staple is 1.4 cents a pound higher than the New York standard futures market, Mr. Gordon explained.

On other inventory materials such as grey cloth, print cloth, etc., values used for inventory purposes are those established about 1910. These prices, Mr. Gordon said, vary in ratio to the market, and between one line of cloth and another, but are constant as applied to one line from year to year.

The result is a "face value" to which are added various costs, and later in the mills departmental discounts are taken.

At the company's head office a "summary" discount is taken, compiled of various discounts from the raw material stage to the end of processing. The amount for many years has been fixed at $380,000, Mr. Gordon testified.

"You cannot expect the income tax department to work on an arbitrary value that has been established for 30 years," remarked Mr. McRuer.

"I think they do," replied Mr. Gordon. "I think they are perfectly satisfied as long as the value is not changed, as far as I know."

Estimated Hidden Inventory Reserves of Dominion Textiles†

	†Allow for cot. in proc. & manufacture $	Discounts $	Total $
1916	308,891	969,307	1,278,198
1917	471,259	973,310	1,444,569
1918	747,417	938,554	1,685,971
1919	910,060	908,401	1,818,461
1929	1,738,682	813,751	2,552,433
1921	280,309	993,872	1,274,181
1922	866,705	1,112,818	1,979,523
1923	1,569,699	1,349,292	2,918,991
1924	1,502,395	1,256,602	2,758,997
1925	1,216,266	1,291,502	2,507,768
1926	878,738	1,316,574	2,195,312
1927	413,799	1,250,117	1,663,916
1928	1,297,968	1,445,098	2,743,066
1929	1,327,932	1,437,442	2,765,374
1930	846,983	1,079,314	1,926,297
1931	502,968	1,127,325	1,630,293
1932	162,076	1,033,012	1,195,088
1933	249,203	1,072,128	1,321,331
1934	548,088	1,093,903	1,641,991
1935	653,602	1,108,156	1,761,758
1936	633,525	1,086,184	1,719,709

† Exclusive of reserve on raw cotton.

Foreign Exchange

The dollar, both Canadian and American, remains firm against most other currencies. In considerable degree, strength of Canadian currency is attributable to wheat exports.

FOREIGN EXCHANGE AT TORONTO AND MONTREAL

	Nov. 10	Nov. 12	Nov. 13	Nov. 14	Nov. 16
U. S. dollar, High	.99⅞	.99 15/16	.99 15/16	.99⅞	.99 15/16
Low	.99⅞	.99 15/16	.99 15/16	.99 15/16	.99 15/16
1935 High	1.01 1/16	1.01 1/16	1.01 1/16	1.01 1/16	1.01 1/16
Low	1.00 15/16	1.01	1.01 1/32	1.01 1/32	1.01⅛
U. K. pound	4.87⅝	4.83	4.88¼	4.88⅝	4.88½
Argentina	.2782	.2787	.2772	.2762	.....
Australia	3.8933	3.8925	3.8938	3.9003	3.9005
Austria	.1871	.1871	.1871	.1871	.1870
Belgium	.1691	.1690½	.1690½	.1691	.1689½
Brazil	.0594	.0593	.0593	.0593	.0594
Czechoslovakia	.0354	.0354	.0354	.0354	.0354
Denmark	.2179	.2178	.2179	.2181½	.2171
France	.0463⅝	.0464	.0464¼	.0464½	.0465
Germany	.4018	.4018	.4018	.4022	.4023
Greece	.0089¾	.0089¼	.0089½	.0089¾	.0089¾
Holland	.5380	.5377	.5386	.5397	.5398
Hungary	.1978	.1977	.1978	.1978	.1979
India	.3706	.3718	.3711	.3714	.3721
Italy	.0526	.0526¼	.0526¼	.0526¼	.0526¼
Japan	.2850	.2852	.2850	.2855	.2855
Jugoslavia	.0233	.0233	.0233	.0223	.0233
New Zealand	3.9247	3.9238	3.9252	3.9316	3.9319
Norway	.2451	.2450	.2452	.2456	.2455
Poland	.1886	.....	.....	.1886	.1887
South Africa	4.8520	4.8510	4.8526	4.8607	4.8609
Sweden	.2515	.2514	.2515½	.2520	.2518
Switzerland	.2296	.2296½	.2296½	.2300	.2297
Hong Kong	.3064	.3056	.3060	.3061	.3062

Bond Sales

Village of Exeter, Ont., has sold $34,000 of 30-year 4% installment bonds and $10,000 of 16-year 4% installment bonds to Midland Securities Corp. at 104.78, which is a cost basis of 3.59%. Bids were as follows:

Midland Securities Corp.	104.78
J. L. Graham & Co.; Isard Robertson & Co.	103.735
Jennings, Petrie & Co.	102.05
Fry & Co.	101.72
Wismer, Harper & Co.	101.00
Harris, MacKeen, Goss & Co.	100.82
Norman J. Parkinson	100.78
McLeod, Young, Weir & Co.	99.23
C. H. Burgess & Co.	100.007
Griffis, Fairclough & Norsworthy	99.00
A. E. Ames & Co.	98.625

Investment Trusts

	Bid	Asked
Can. Amer. Trust	4.50	4.75
Can. Invest. Fund	4.75	5.05
Grouped Income ex. coupon	6.76	7.40
Can. Equity	13.00	...
All Can. Com.	14.40	14.50
Trans. Canada ex-div.	14.65	...
Can. Int. Trust, modified	5.62	6.37
Do., unmodified	4.37	4.62

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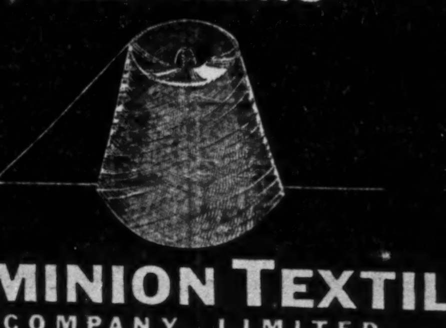
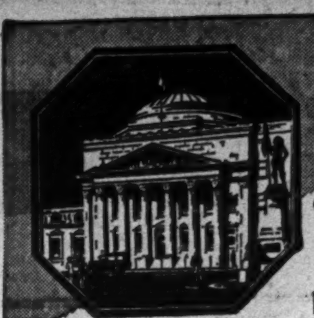


DOMINION TEXTILE
COMPANY, LIMITED
MONTREAL TORONTO HAMILTON WINNIPEG VANCOUVER

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

	Date Sold	Sold to	Rate	Due	Amount	Price	Yield
Municipal—							
Exeter, Village of ...	....Nov...	Midland Securities Corp. ..	4%	30-ins.	$34,000	104.78	3.59%
			4%	16-ins.	10,000		
Dominion—							
Canada Treasury Bills ..	...Nov...		....	Feb. '37	$25,000,000	99.81	.749



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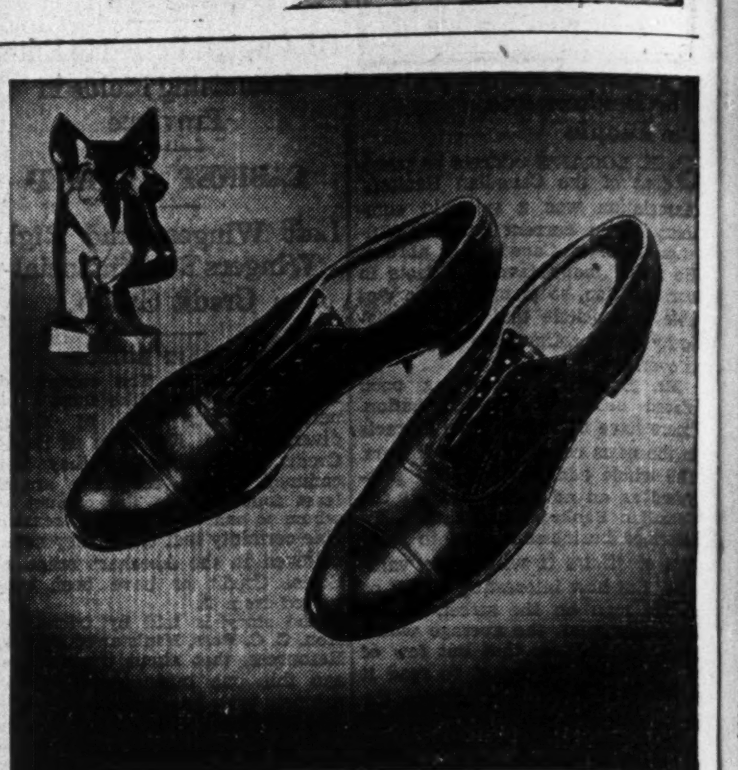

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EXECUTORS • TRUSTEES • FINANCIAL AGENTS

News of Investments - - Analyses

Paper Sales At High Level For Some Time

Hearst Changes Policy by Placing Many Small Orders

WATCH WOOD EXPORT

From Our Own Correspondent

MONTREAL.—Sales of Canadian newsprint paper continue at a high level and prospects are demand will continue strong throughout 1937. It is not expected that the rate of increase will be maintained after the first quarter of next year, but the trend of consumption should be steadily upward.

The contract situation on 1937 deliveries has been pretty well cleared up, though there is still some business to be placed. Several months ago it became known Hearst would be in the market this fall with about 200,000 tons of business; at least that was the tonnage covered by contracts expiring this year.

Distribute New Tonnage

As far as can be learned, Hearst has followed a policy of opportunism in placing this business. He has divided purchases among a dozen or so small mills. The Financial Post understands that at the moment no large price fixing company has received any business from Hearst.

There are two important features to the Hearst contract placed this year. One is that the amount contracted for is appreciably less than covered by old contracts. It is rather doubtful if Hearst will contract for more than 150,000 tons, or about 50,000 tons less than previously ordered. Reports are that circulation of the Hearst papers has not been increasing in the same ratio as other papers. Further the stand taken by Hearst in the recent presidential election is said to have hurt his papers, both in advertising and circulation, with the result that newsprint consumption has been affected.

May Cause Trouble

The policy adopted by Hearst in splitting up his business among a larger number of small mills is being watched with interest, both by manufacturers and other publishers. The contracts placed this fall are said to have been made on a favorable price basis. However, if there is a sudden increase in consumption, Hearst may have difficulty in securing supplies from these smaller mills, which are not nearly so elastic as the big producers. If that happens Hearst may have to buy paper in the open market which might increase his paper costs considerably.

The other phase of Hearst's new policy is the possibility of his being caught when coming to make contracts for 1938 deliveries. In the past his strength has lain in placing large orders with a few mills. In this way he was often able to dominate the market and dictate prices. This is not likely to be the case next year.

New Policy Working Well

Meanwhile the South American situation is working out better than originally anticipated. When the price increase was put through in that area by Canadian manufacturers, expectations were that a considerable share of the business would be lost to Scandinavian producers. In reality sales have been made with increasing frequency and for more substantial tonnage than expected.

This situation is working to the advantage of Price Bros & Co., Mersey Paper and other producers who have been supplying a large share of the South American and Australian markets. While other producers expect to gross about $1.50 a ton on 1937 deliveries in the American market, it is likely that the average increase on the southern business may be as much as $4 a ton.

Watch Wood Exports

The relief policy being carried out by the Ontario Government in permitting export of pulpwood to the United States in an unmanufactured states, is being followed closely by the industry. The principle of this plan is believed to be against the best interests of the industry and the country. It is difficult to say at this time how the paper mills in this country will be affected by the Ontario policy.

Meantime the Quebec Government is negotiating with Swiss and German interests, who are anxious to cut pulpwood in the province for export to their own countries. Engineers are now examining the timber resources of the Gaspe Peninsula—an area which the Government is especially anxious to help—and it is possible that the Duplessis Government will issue a permit for the export of as much as 600,000 cords of wood.

May Give Competition

This move is giving the newsprint operators cause for thought, as the processing of this wood in Europe might enable the importers to produce paper in direct competition with Canadian operators.

No definite arrangement has been entered into between the Government and the German and Swiss interests, but the desire to do something to help the Gaspe territory may outweigh other considerations with the Government.

All in all, the tonnage situation is most promising.

Lake St. John Committees Seek Proxies for Meeting

Protective committees of the bond and debenture holders of Lake St John Power & Paper Co. are advertising for proxies from the holders of these securities for the meeting to be held on Nov. 26 to consider the plan of reorganization.

There are outstanding $4,710,500 of first mortgage bonds and $2,822,000 of 15-year debentures. In order that decisive action may be taken on the proposed reorganization plan 60% of the total value of each class of security must be represented at the meeting. As institutional holders of these securities total considerably less than the required 60%, it becomes necessary for the smaller investors to attend meetings in person or to send their proxies to the committees.

Conversion Features

Securities Convertible Into Common Shares Increase in Popularity — Some Conversions Potentially, Others Actually, Valuable

Conversion privileges for bonds and particularly for preferred shares have in many cases been of enormous value to the investor.

Among the most noted Canadian cases have been conversion features in preferred shares of such companies as Page-Hersey Tubes, Canadian Dredge & Dock, Moore Corporation, Service Stations Equipment (now International Metals), and even Canada Paving, now almost defunct. The effect of the conversion feature in these cases was to allow the investor, at times, to sell out of preferred shares at huge profits.

Increasing Popularity

With recovery of common share values in the stock market, conversion features are becoming increasingly popular with investors and may enter more prominently than ever into corporation financing. Canadian Canners this week becomes a company with its entire capital of senior securities, bonds, first preferred and second preferred stock, convertible into common shares.

Two of the most prominently valuable conversion features at present are on Moore Corp. A and B preferred and on Geo. Weston 5% preferred stock.

Desirable Option

Conversion features give the investor two strings to his bow: ownership of a senior security, and also the possibility of enhanced value of common stock. More prominent securities at present convertible into common shares include:

C. P. R. Bonds—There are several convertible issues, but because of the longer life of the conversion period the most interesting is probably the non-callable 3½% issue, due 1951. From Feb. 15, 1937, to Feb. 15, 1944, the holder may convert $100 of bonds into four common shares. While this feature is not of immediate value because the common is far below $25 a share, the bonds at 100 give a yield of 3½%.

Canadian Canners Bonds — The new 4% issue, due 1951, sells slightly about 100 yielding about 3.9%, and is convertible: $100 of bonds for five common shares up to Nov. 1, 1943, and thereafter $100 of bonds for four common shares. The common is below $10 a share so that the conversion privilege is of no value at the moment. It might be valuable in good years in a very high stock market, but the bonds are redeemable at 103.

Potential Values

Russell Motor Pfd.—Selling at about 110, the non-callable 7% preferred yields about 6¼% and is convertible into common stock share for share. The common has been below $50 so that there is no immediate value in the conversion privilege, but on occasion the effect has been to lift the preferred to higher levels.

Montreal Power Debentures—Up to July 1, 1937, each $50 debenture is convertible into one common share. Yielding less than 3%, the conversion feature is not now an important attraction because the common shares are well below $40 and yield about 4.5%.

Agnew-Surpass Pfd. — Convertible one share into three common, the 7% preferred sells at 110. The common has never sold above $18 and has recently been below $10. The conversion privilege has never contributed to the premium value for the preferred which is redeemable at 110.

Actual Influences

Burry Biscuit Pfd.—The $50 preferred shares carry annual dividends of $3 which are earned by a wide margin, and each preferred share is convertible into eight common. With the common having sold as high as 9⅞, the preferred has sold up to $75. In view of the valuable conversion feature, and since the common pays no dividend, the preferred has the greater investment attraction. It is callable at $52 but can be converted before redemption.

Moore Corp. A and B Pfd.—The 7% A preferred is convertible, one share into four common, and the B is convertible, one share into six common. Neither is redeemable. With the common around $45, prices for the preferred shares are far above the par value and show rather small yields. On an income basis, it is not attractive to convert with the common dividend at $1 a share. If the common dividend were raised to $2 a share, which is a possibility, holders of both preferred stocks could increase their income by converting.

Redemption Influence

Toronto Elevators Pref. — Convertible one share into three common, the 7% preferred has at times sold well above the redemption price of $110 a share because of this feature. With a dividend of only $1 a share on the common, it is not attractive to give up the $7 in dividends on the preferred by converting. There may come a time, however, when the company could raise the common dividend to cause conversion of the preferred, or the preferred could be redeemed at 110 for refinancing.

Walker-G. & W. Debentures—The conversion privilege is unusual, depending upon the amount of debentures outstanding. The recent reduction of the amount to less than $6 millions means that debentures are convertible into common at $45 a share for the stock. That is, 2.22 shares for $100 of debentures. If the amount of debentures goes below $4 millions, which is a possibility, then the price of the common in conversion is $55 a share, or 1.82 shares for $100 of debentures. At 110 the debentures yield less than 3.9%, and they are callable at 104, so the buyer must keep on the alert as to developments.

Geo. Weston Pfd.—Paying 5%, the preferred yields about 4.6% at current prices. Each $100 preferred share is convertible into five common up to March 1, 1938, into four common up to 1940 and into 3 common up to 1942. The rise of the common above $20 has put the preferred to a premium above the call price of $105. With the common dividend at 80 cents a share, however, it is not yet profitable to convert on an income basis. If the common dividend were raised to $1 a share annually, conversion would yield the same income as would retention of the preferred. If the common dividend were above $1 conversion would increase the income of present holders of the preferred.

Customers' Men Under New Rule

Montreal Stock Exchange To Exercise Full Control

From Our Own Correspondent

MONTREAL.—Stricter control of customers' men employed by members is embodied in new rules adopted by the Montreal Stock Exchange.

According to the by-law adopted, the Montreal Stock Exchange will have control over the appointment and duration of employment of all customers' men employed by members or member firms. Similar regulations are made by the Toronto Stock Exchange.

In each case the written approval of the governing committee of the exchange must be obtained before a customer's man is employed, and the approval may be withdrawn at any time at the discretion of the committee. The minimum period of employment of a customer's man will be three months, and the committee will from time to time fix a minimum monthly salary payable to the customer's man.

A customer's man is defined as one who is engaged primarily in the solicitation of business for a member or member firm.

British American Silk Mills Ltd. is making additions to its factory at Granby, Quebec.

Newsprint

Production Grows As Sales Continue At Higher Levels

From Our Own Correspondent

MONTREAL.—Newsprint production figures for October, as issued by the News Print Service Bureau, show demand continues to run well ahead of last year. Canadian mills turned out 301,106 tons and shipped 307,250 tons. This contrasts with 266,515 tons manufactured and 266,679 tons shipped in the same month last year.

Production in the United States was 81,027 tons and shipments 81,544 tons, as against an output of 79,746 tons and shipments of 81,817 tons in Oct., 1935.

During October, Newfoundland mills manufactured 30,677 tons, compared with 29,744 tons last year.

Total North American production last month was 412,810 tons, as against 378,175 tons in Oct., 1935.

Canadian Mills in Lead

Canadian mills produced 356,708 tons more in the first 10 months of 1936 than in the same period last year, an increase of 15.9%. The output in the United States was slightly greater than for the first 10 months of 1935; in Newfoundland production was 8,253 tons or 3% less, with no production in Mexico, making a net increase of 333,020 tons, or 10.1%.

Stocks of newsprint paper at Canadian mills were reported at 59,574 tons at the end of October and 16,424 tons at United States mills, making a combined total of 75,998 tons.

Associated Breweries Makes Executive Changes

MONTREAL.—W. H. Shepherd, Edmonton, has been appointed a vice-president of Associated Breweries Ltd.

Announcement is also made that J. G. Walford, Calgary, general manager of the company, has been elected a director.

Montreal Brokers' Loans Reflect Increased Trading

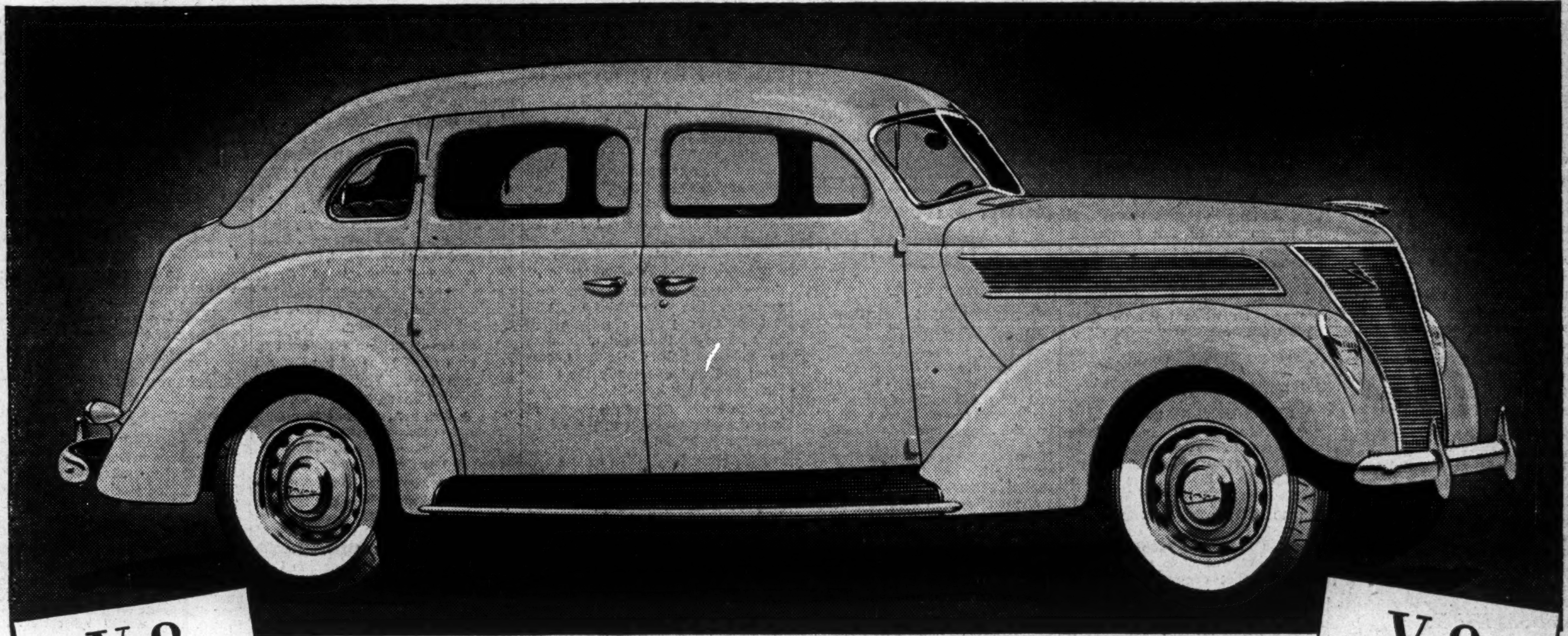
From Our Own Correspondent

MONTREAL.—Collateral borrowings of member firms of the Montreal Stock Exchange at the end of last month totalled $26.5 millions, an increase of $2 millions from the previous month. A year ago borrowings totalled $16.7 millions.

Announcing

THE FORD V-8 FOR 1937

The Quality Car in the Low-price Field



V-8
85 HORSEPOWER
Maximum Performance with Good Economy
Bore, 3.062 in. Stroke, 3.75 in. Displacement, 221 cubic in.

Two Engine Sizes - One Wheelbase

AND A NEW LOW PRICE

V-8
60 HORSEPOWER
Good Performance with Maximum Economy
Bore, 2.6 in. Stroke, 3.2 in. Displacement, 136 cubic in.

THE New Ford V-8 for 1937 is the most beautiful Ford car ever offered. It is built in only one size—with one standard of roomy comfort and modern appearance. But you may have either the improved 85-horsepower V-8 engine for maximum performance—or the new 60-horsepower V-8 engine for maximum economy. The smaller engine makes possible a lighter car—a lower priced car, with lower operating costs—and permits still more people to enjoy the smoothness and reliability of the V-type 8-cylinder engine.

Improved 85-horsepower V-8 engine—Drive it and watch the speedometer!

If any single factor contributes more than another to establish the Ford as the quality car in the low-price field, it is the V-type 8-cylinder engine. More than three million owners are now enjoying its superior performance on the road. When you drive the 1937 Ford powered with the improved 85-horsepower V-8 engine, you are master of a modern power plant that gives you everything you can possibly demand in speed and acceleration. Today it is a better engine than ever—with a better cooling system and new smoothness of operation. Yet improved carburetion enables it to deliver its thrilling performance with unusually good gasoline mileage.

New 60-horsepower engine—Drive it and watch the fuel gauge!

The new 60-horsepower V-type 8-cylinder engine is almost an exact replica of the "85"—except for size, weight and power. It delivers V-8 smoothness and quietness—even at speeds up to 70 miles an hour—with gasoline mileage so high that it creates an entirely new standard of economy in modern motor car operation.

We invite you to see this new Ford car, and arrange to drive one equipped with the engine that fits your own needs.

FOR NEW LOW DELIVERED PRICES SEE YOUR LOCAL FORD DEALER

Body types available without de luxe equipment: Tudor Sedan, Tudor Touring Sedan, Fordor Sedan, Fordor Touring Sedan, Five-window Coupe . . . De Luxe types: Tudor Sedan, Tudor Touring Sedan, Fordor Sedan, Fordor Touring Sedan, Five-window Coupe, Roadster, Phaeton, Club Cabriolet, Convertible Cabriolet, Club Coupe, Convertible Sedan.

FEATURES THAT CHANGE—AND SOME THAT DON'T

NEW FEATURES OF THE 1937 FORD V-8 CAR—

APPEARANCE—Newly designed. Distinctive front end, with headlamps recessed in fender aprons. Modern lid-type hood hinged at the back. Larger luggage space. Spare tire enclosed within body. Completely new interiors. Slanting V-type windshield opens in closed cars.

COMFORT AND QUIET—A big, roomy car. Extra space is in the body, where you want it—not taken up by the engine under the hood. Comfort of the Ford Centre-Poise Ride is further increased by smoother action of the long-tapering springs, with new pressure lubrication. New methods of mounting body and engine make this a quieter car.

SAFETY

BRAKES—New Easy-Action Safety Brakes, of the cable and conduit control type. "The safety of steel from pedal to wheel." Self-energizing — car momentum is used to help apply the brakes. About one-third less pedal pressure is required to stop the car.

BODY—Not an ounce of wood used for structural strength. Frame structure is all steel—sheathed with steel panels, top, sides and floor. All are welded into a single steel unit of great protective strength. Safety Glass all around at no extra charge.

FORD FEATURES THAT NEVER CHANGE

Precision manufacture . . . high-quality materials; specialized steels for special uses . . . every feature proved before adopting . . . long life and reliability . . . low first cost and low operating cost . . . all the Ford standards that have created The Quality Car in the Low-price Field.

SEE YOUR NEAREST FORD DEALER FOR COMPLETE DETAILS

Investment Trends

Munitions Orders Influence on Stocks

Low Interest Rates Continue to Furnish Support — Seasonal Uncertainty of Markets Anticipated

Reports of munitions orders have been the main influence in raising prices for steel and machinery shares. Although receipt of actual orders is widely denied, buying of the stocks of the companies concerned has been of impressive character.

Companies receiving orders will probably not be in a position to admit it. Consequently lack of official confirmation will not mean that munitions orders are all smoke and no fire.

Stocks of companies that would be indirectly affected by war have not shown the same response to munitions orders, signifying that the munitions influence on stocks is interpreted in terms of immediate business rather than on the possibility of actual hostilities.

Inflationary influences such as low interest rates arising from credit expansion continue to furnish important support for stocks.

With the approach of the year-end holidays, share markets are expected to show the usual seasonal uncertainty.

Irregular Movement

PRICE movements in stock markets in recent weeks have been marked by some important irregularities despite the strength in many issues. In New York, for instance, the important railway stocks have failed to follow up the strong rise of industrials. This has happened several times in the last two years and generally is taken to indicate that temporarily the industrial shares have run too far ahead. The consequence has usually been a delay while industrials settled down and rail shares were subsequently dragged upward as if against their will.

The interpretation being placed on the current sluggishness of rail stocks is that irregularity is to be expected of industrial issues and caution is therefore advised by market analysts. Further weakness would be suggested if the Dow-Jones average for industrial shares in New York were to fall below 171, compared with the present level of above 180.

Strength in Montreal and Toronto has carried the respective stock exchange averages near 100, and to about 160 respectively. The action of these markets is dependent on New York fluctuations to a considerable degree. Recently the Canadian markets have shown strength in the face of irregularity in New York. It is not often, however, that prices here run ahead without supporting strength in Wall Street. Consequently it would not be surprising if at least the pace of the advance were to slacken.

The feeling persists both in Canadian and American investment circles that weakness or dullness in stock markets would offer opportunities to buy equities, and that common shares continue to hold attractions on expectations that economic recovery will eventually expand further.

* * *

Munitions Orders

THERE can be little doubt that Canadian processers of iron, steel, bronze and other metal products are in line to receive substantial orders for munitions and war equipment from Great Britain.

Plans for shells have been in Canada for some time, and there are possibilities of large steel orders such as would be expected in connection with the modern mechanization of army and navy. So far, the suggestions of actual orders have been denied. However, solicitation of this type of business by Canadian firms has received some encouragement in Britain, and in one case it is understood tenders have actually been submitted by a Canadian company.

Stock market advances plainly indicate that among the companies whose business would be affected are National Steel Car, Canadian Car & Foundry, General Steel Wares, Massey-Harris, Cockshutt Plow, United (and Standard) Steel, and a wide range of metal companies. In fact, most firms capable of processing metals would be affected even if only indirectly. The important point is that a moderate order for a large company would not mean much, but that a substantial order for a comparatively small firm might have pronounced effects. Until definite developments occur, it is difficult to measure the relative positions of the various companies because the stock market is appraising steel, iron, implement and metal shares on the basis of possibilities rather than on immediate past earnings. It hardly appears questionable that munitions orders are coming to Canadian firms, but it is equally probable that British Government policy may prevent admission of the fact when orders have actually been received.

* * *

Recovery Choice

INTEREST rates are low on fixed income securities, and earnings and dividends on common stocks are expanding. It is illuminating to read the chairman's comments to shareholders of Second Investors' Mortgage Security Co., Edinburgh, on the effects:

"Your company is one of those which . . . still continues to hold a relatively high proportion of fixed interest bearing securities. For this reason the company suffered less comparatively in the depression, and hence has less scope for rapid recovery. As a matter of fact we have increased our proportion of ordinary stocks."

It may be considered regrettable that almost the only opportunity now available to the investor to increase his income is in common stocks or in depreciated securities that are not paying full contractual rates. It tends to increase speculation. As long as recovery continues its march toward full prosperity, however, purchase of ordinarily inferior securities seems to be the only way out. The time to return to fixed income securities will probably be when rates on these have risen appreciably.

* * *

Foreign Investment

ANNOUNCEMENT that the U. S. Government is investigating purchases of American securities by outside investors hardly rippled stock prices in the past few days. It seems somewhat late for Washington to start worrying about the danger of liquidation of foreign holdings in Wall Street. Much of the buying was done months ago. Stock market commentators were apprehensive lest the devaluation of the franc would bring liquidation of American stocks, tending to weaken Canadian issues too. But it has not developed to any degree of importance.

Apparently Washington authorities do not want to see either a collapse or a runaway stock market. Yet the Government's taxation of undistributed profits had led to bigger and better dividends, thereby contributing to the boom in stocks. It is hardly credible that foreign buying has stimulated stock markets any more than the peculiar Washington tax policies. Regulations to avoid foreign liquidation would not be easy to enforce, but would seemingly add to the forces that have been pushing stocks upward.

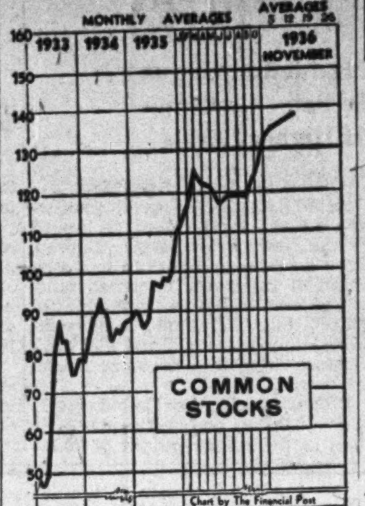
Brantford Roofing Bonds in Default

Brantford Roofing Co., has not taken action to pay the bond coupon due May 1, 1936, which had been deferred until June 29. The Nov. 1 coupon is also unpaid.

The company is in default under the trust deed for non-payment of the bond interest due May 1, but no action has yet been taken by bondholders.

Last May, Charles M. Thompson, managing director and secretary of the company, informed bondholders that interest was being deferred so as to conserve working capital to take advantage of increased volume of business. He requested bondholders to present May 1 coupons on June 29.

A few weeks ago Mr. Thompson reported that the company's sales had increased this year, but that earnings had not gained proportionately although they were also expected to show an improvement.



CLOSE TO 140

Price index of the Dominion Bureau for common stocks was 139.4 for the week ended Nov. 12, another new high for the year, against 108.7 at the same time last year. Comparative figures appear on this page.

Inter. P. and P. Profit Up Sharply

From Our Own Correspondent

MONTREAL. — International Paper and Power Co. reports an operating profit of $1,285,464 for the third quarter of 1936 on sales of $28.3 millions compared with a loss of $901,637 for the corresponding period of 1935, when sales totalled $235 millions.

Net profits for the first nine months this year were $1,548,006, as compared with a loss of $2,836,047 a year ago. The net was calculated after charges of $385,459 for the quarter and $703,685 for the nine months to cover possible payment of U. S. taxes on undistributed profits.

A third quarter profit was the greatest in the company's history, and was equal to $1.42 a share on the 7% preferred stock.

Robt. Mitchell Releases Plan

Write-down of Assets Will Strengthen Balance Sheet

From Our Own Correspondent

MONTREAL.—Robert Mitchell Co. has called a meeting of shareholders for Nov. 26 to consider a special by-law reducing capital of the company by $713,714 to $1,050,000, and authorizing the write-off of operating revenue, deficit and the revaluation of capital, exclusive, however, of such amount of capital surplus now outstanding on the books of the company as the directors may use for the purpose.

In a letter to the shareholders, S. C. Holland, president, states that in the past few years no charges were made for depreciation. Hence it is desirable to write down the value of fixed assets, which will result in lower interest charges and in a saving of certain taxes payable by the company.

Hasten Dividend Payments

The elimination of existing deficit will remove what might otherwise be a legal impediment to the declaration of payment of dividends out of future earnings.

The proposed reduction of capital will not alter the number of outstanding shares nor does it affect the actual equity back of the stock.

As a result of these changes, the capital surplus will be reduced from $396,259 to $35,113, while the deficit of $279,818 will be eliminated.

U. S. Beef Famine?

The smallest supply of meats in more than 15 years as a result of the drought is forecast for 1937 by U. S. Bureau of Agricultural Economics. The 1937 meat supply, however, may be about equal to that of 1935.

"The reduction," the bureau says, "will be most pronounced in pork and in the better grades of beef, as further improvement in consumer demand is in prospect, the general level of livestock and meat prices is expected to be higher than for several years."

Investment Notes

National Sewer Pipe—The class A preferred shares move slowly but it is significant of investment demand that the trend is upward. There is no dividend in sight but the company is well fortified in its financial position to make the most of any building revival.

* * *

Massey-Harris — The company must pay off $2 millions of bonds before anything can be paid on the preferred. This could be adjusted, however, by refinancing the bonds if conditions become sufficiently favorable. One way of hedging an investment in the shares is to buy one common for each preferred share, which allows the investor the full possibilities of any eventual comeback without greatly increasing the risk. Recent strength in the shares is based on rumors of possible munitions orders, but a lot of business is needed to put the company back on a satisfactory earnings basis.

* * *

Simpsons Ltd.—The rise of the 6½% preferred to 100 reflects expectations that the full dividend will be resumed sooner or later. There are also arrears to be settled, which constitute a bonus possibility.

* * *

B. C. Telephone—The company recently converted $6.6 millions of its 5% bonds into 4½% bonds through the offer of exchange to holders, who also got a cash premium for their 5's. This leaves $3.4 millions of the 5% issue outstanding, as these bonds have not been called for redemption. The Financial Post was in error in commenting recently, "it was said the company would call for redemption all of the outstanding 5% bonds." At no time did the company announce it would call the 5% bonds for redemption, but bond market expectations have been that eventually the remainder of the issue would be redeemed.

* * *

International Metal — Sold-out bulls consider the common shares too high, which is not an uncommon feeling among sellers-out, but the stock appears to act well. The number of orders under the market is believed to have increased since the shares rose about $12.

* * *

Toronto Elevators—Supporters of the common shares suggest that sooner or later the preferred will be redeemed at 110 for refinancing, thus removing the right of holders to convert one share into three common; and that eventually the common shares will be split, thus popularizing them. Call of the preferred would probably result in some conversions into common.

* * *

Canada Cement—There seem to be few enthusiasts for the common shares among stockbrokers. But the shares continue to maintain a high level. At 13, they are quoted at over 30 times the peak 1929 earnings of 39 cents a share.

* * *

Frost Steel & Wire—If the preferred is reasonably priced above 100, the common seems low in comparison with prevailing ratios of common to preferred shares prices. There have been no earnings on the common, however, since 1930, when they amounted to $2.36 a share.

* * *

Canadian Canners—Both first and second preferred shares declined slightly on the strength of the plan to exchange the 6% stock for 5% shares, although the plan appears favorable.

* * *

Canadian Cottons—Some people might be inclined to think that the evidence of hidden reserves brought out before the Turgeon Textile Commission might have hurt the market value of Canadian Cottons common. Actually the stock advanced and is currently selling around 56, a new high for the year.

* * *

Nova Scotia Steel & Coal—Both the first mortgages and debentures of this company have recorded a substantial advance in value, the former being bid at 77 and the latter at 33. The company has been in liquidation for more than two years. So far the liquidator has not issued a report to bondholders or creditors. The buying would appear to be either of a blind speculative type, or by insiders. It would seem about time for the liquidator to make public particulars of the company's present position.

* * *

Canadian Hydro—First preferred stock jumped several points in value this week on the news that Ontario Hydro had ordered a 20,000 h.p. increase in deliveries. It is now reasonably certain that the dividend will be covered for 1936, while prospects for 1937 are encouraging, despite the decline in the total of deliveries to Hydro. Income from other sources has shown a healthy increase this year, which has done much to offset the loss in revenue from the old Hydro contracts.

* * *

Dominion Steel & Coal—Class B stock of this company is being traded in between 9 and 10. The financial statement for 1936 is not expected to show any material change in earnings, but prospects for the coal and steel industry are regarded as most promising. Heavy purchases of the B stock are also based on the current expectations of munitions orders.

* * *

Canadian Pacific Railway—Ordinary shares have been showing more activity. With continued recovery in business, prospects of war orders being placed in Canada, etc., there is reasonable expectation of the company's earnings being larger in 1937. Dividend prospects are still indefinite, certainly as far as the ordinary shares are concerned.

* * *

Corporate Investors—The investing company made numerous changes in its portfolio in the quarter ended Oct. 31, some of the most interesting from the point of view of the investor being summarized below:

Additions, new — Donnaconna Paper 4½% bonds, Great Lakes Paper 5% bonds, Lake St. John P. & P. 6½% bonds, Dominion Tar preferred and common shares, Canada Bread 5% first preferred, General Steel Wares preferred, Canadian Car & Foundry preferred, Great Lakes Paper preferred, Hinde & Dauch common shares, Lake of the Woods Milling common.

Increases—Canadian Canners 6%, Dominion Coal, Lake of the Woods, Simpsons 6½%, Western Grocers preferreds, Canada Malting, Canada Wire & Cable A, Cosmos Imperial, Foundation Co. common shares.

Eliminations — Bonds, Canada Bread, Fraser Companies 6's, General Steel Wares, Gypsum Lime, McColl-Frontenac, most of these having been bought at low earlier levels. Preferreds, Canadian Cottons, Federal Grain. Common shares, Canada Vinegars, F. N. Burt, Canadian Cottons, Dominion Glass, Dominion Textile, Fraser Companies, National Grocers, Hollinger, Wright-Hargreaves.

Can. Canners Plans Change In Preferred

Would Make 6% Stock Into 5% Shares of $20 Each

CASH OPTION

Meetings of holders of all classes of shares of Canadian Canners Ltd. have been called for Dec. 14 at Hamilton to consider resolutions proposing an exchange of the present 6% first preferred shares of $100 each into 5% first preferred stock. Under the Dominion Companies Act, 75% of the shares of each class of stock represented at the meeting must approve to make the proposals binding.

In a letter to shareholders explaining the proposals, W. R. Drynan, president, says the plan is less expensive than redemption and refinancing of the first preferred and would bring the dividend rate in line with prevalent reduced yields on similar preferred stocks. He points out also that shareholders would retain their full participation in the company's stock.

Cash Offer

Shareholders who find it necessary to withdraw from their investment can obtain $105 a share for their holdings through the company. This offer prevails if the plan is approved and has been arranged for "in substantial amount."

Mr. Drynan reports that despite "extraordinarily unfavorable climatic conditions," the company has made consistent progress with a satisfactory increase in sales. With continuation of the present trend, he says, the next annual statement should reflect better business conditions.

Because of the various conversion privileges and participating dividend provisions involved, the proposals include some complexities.

$20 Conversion Value

Among other effects, the various proposals would:

1. Reduce the company's fixed dividend charges on the first preferred by $38,848 annually.

2. Make the entire capital convertible into common shares.

3. Put a tentative future value on the common for conversion purposes of $20 a share.

Changes in Shares

The changes would leave unaltered the present authorized amount of 800,000 second preferred and common shares.

It is proposed to issue five $20 shares of the new 5% first preferred stock for each $100 of the present 6% first prefered stock. Instead of the present 38,848½ 6% first preferred shares, this would mean issue of 194,242½ of the 5% shares of $20 each.

The new $20 shares would carry cumulative dividends of $1 a share annually, would participate in further dividends with the second preferred, and would be convertible share for share into common stock at the holder's option.

The proposed new capitalization would be as follows:

Can. Canners' Proposed Capital

	Authorized shs.	Outstanding shs.
1st preferred	216,385	194,242½
2nd preferred	399,160	363,732
Common	400,840	137,784

Dividend Proposals

As to dividends, it is proposed that the new 5% first preferred would participate on a quarterly basis with the second preferred stock. After 15 cents a share is paid in one quarter on the second preferred, the new 5% first preferred would get cent for cent with the second preferred. This would extend to five cents a share for the quarter on the first preferred.

The maximum amount that would be payable on the first preferred under this arrangement would be 30 cents a share for a quarter or $1.20 a share, for any year. By this plan the fixed rate on the first preferred is reduced, letting the second preferred receive dividends sooner. And the cent for cent participation would give more money to the second preferred because of the greater number of shares of this class.

Share With Common

The 5% first preferred would participate in dividends in this way only as long as 50% of the second preferred is not converted into common stock. If 50% or more of the second preferred is converted, then the first preferred would participate in dividends with the common stock. In this case, after payment of 25 cents a share on the common in one quarter the 5% first preferred would get cent for cent with the common up to five cents a share.

As with the first participation feature, this would give a maximum income of $1.20 a share annually, that is 6%, on the first preferred. It would give a larger amount in money, however, to the common stock.

Conversion Features

It is also proposed to make the 5% first preferred convertible share for share into common stock. The 5% preferred would be callable at $23 a share on 60 days notice, but, in such event, would enjoy the conversion privilege for 30 days. The proposed redemption price amounts to 115% of par compared with the present 105% call price on the 6% first preferred.

The second preferred would remain convertible share for share into common stock. It would be redeemable at $20 a share on 60 days notice. But in the event of call, the second preferred would retain for 30 days the right to convert into common. The second preferred would also be purchasable by the company in the open market.

The company's 4% bonds are also convertible into common, $100 of bonds for five shares up to 1943, thereafter $100 for four shares.

Second Preferred

The second preferred shares are entitled to non-cumulative dividends of 60 cents a share in any year before the common gets anything. If the 60 cents is paid, the common then receives 2½ cents a share for each additional cent paid on the second preferred. Thus, if an additional 20 cents were paid on the second preferred the common would be entitled to 50 cents a share. And if a full $1 a share were paid on the second preferred in one year the common too would be entitled to $1 a share. Thereafter the common rates for all further dividends.

If all possible conversions into common stock were exercised under the proposed new capital structure, the company would have an outstanding capital of 816,758½ common shares. This, however, is improbable at present.

Significant Investors' Index Numbers

1926 = 100

	Iron and steel	Pulp and paper	Milling	Oils	Textiles and clothing	Food and allied products	Beverages	Total industrials	Total utilities	Total co's
No. of Securities	15	6	5	5	11	18	9	89	23	112
1929-35:*										
High	388.9	113.4	273.4	423.5	113.5	197.8	205.4	317.6	166.0	232.6
Low	39.8	2.8	37.7	83.6	28.0	72.1	28.5	49.3	33.1	40.9
Monthly Figures, 1936:										
January	130.3	18.6	80.0	231.0	75.5	153.6	151.7	187.7	52.4	117.8
February	140.5	20.2	84.3	246.5	74.0	158.7	151.7	200.0	57.0	126.1
March	136.5	18.5	88.7	237.3	73.1	153.0	140.1	194.8	55.5	122.8
April	131.7	17.5	91.0	244.4	72.1	150.4	134.4	191.8	54.2	121.4
May	125.1	16.7	87.3	234.0	68.1	145.7	131.4	187.9	52.9	117.9
June	125.3	17.1	86.5	228.1	67.4	149.3	129.3	189.2	53.3	119.0
July	126.0	18.6	87.0	226.3	66.8	153.3	131.6	189.8	53.2	119.6
August	128.5	18.0	89.9	218.9	68.0	155.1	135.7	191.4	53.1	119.9
September ...	137.9	20.3	99.9	227.0	70.6	162.5	128.2	200.6	57.9	125.2
October	151.9	24.4	98.0	234.8	73.4	171.7	130.0	211.6	58.6	133.4
Weekly Figures, 1936:										
Nov. 5	159.2	24.9	102.9	238.0	74.7	175.2	133.7	218.6	61.8	136.8
Nov. 12	162.0	26.5	105.9	240.5	75.2	179.3	139.2	223.0	62.7	139.4

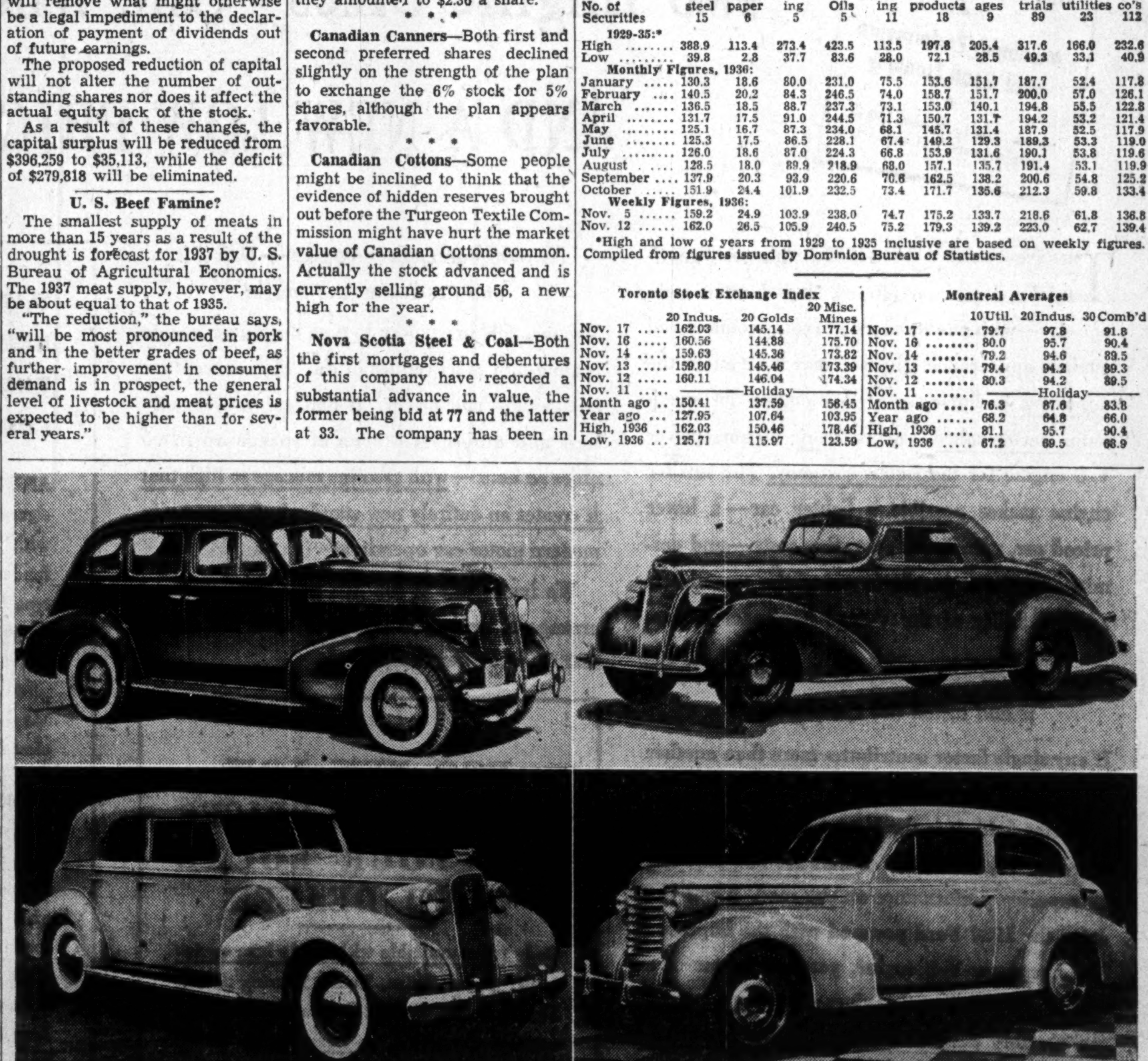
*High and low of years from 1929 to 1935 inclusive are based on weekly figures. Compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	20 Misc. Mines
Nov. 17	162.03	150.46	177.14
Nov. 16	160.56	148.53	175.70
Nov. 14	159.63	145.36	173.95
Nov. 13	159.80	145.46	175.30
Nov. 12	160.11	146.04	174.34
Nov. 11	—Holiday—		
Month ago	150.41	137.59	158.45
Year ago	127.95	107.64	103.95
High, 1936	162.03	150.46	178.46
Low, 1936	125.71	115.97	123.59

Montreal Averages

	10 Util.	20 Indus.	30 Comb'd
Nov. 17	79.7	97.8	91.8
Nov. 16	80.0	96.0	90.4
Nov. 14	79.2	94.6	89.5
Nov. 13	79.4	94.2	89.3
Nov. 12	80.3	94.2	89.5
Nov. 11	—Holiday—		
Month ago	76.3	87.6	83.8
Year ago	68.2	64.8	66.0
High, 1936	81.1	95.7	90.4
Low, 1936	67.2	69.5	68.9



INDIVIDUAL STYLING FEATURES GENERAL MOTORS LINE

No trouble telling the new cars apart this year—nearly all of them have individual styling which gives more character and distinction than has been seen for several years.

At the top left is the new Pontiac Six which will be a General Motors leader for 1937. The car has been almost entirely rebuilt and will sell in Canada at about the same price as last year's Master Chevrolet. The Pontiac Eight will not be marketed in Canada in 1937.

At top right is the new Master Chevrolet which has been lengthened and considerably improved over its predecessors. There will be only the one model to replace the Standard and Master lines of last year, although a de luxe job with knee action springing will also be obtainable.

At the bottom left is one of the new Cadillacs, all of which are four inches longer this year in their wheelbase. The complete line this year includes four series of V-8's, two with Fisher and two with Fleetwood bodies and the V-12 and V-16.

At the bottom right is the completely restyled Oldsmobile Six, which features along with all other General Motors cars the new Unisteel top. Both horsepower and wheelbase have been lengthened. The Oldsmobile Eight will not be marketed in Canada this year.

Confederation Amusem'ts Plans Refunding Bonds

From Our Own Correspondent

MONTREAL.—René T. Leclerc Inc., Comptoir Nationale du Placements and Credit Anglo Français Ltée., will make a joint offering next week of the new issue Confederation Amusements Ltd. bonds.

The issue is for an amount of $625,000, the bonds bearing interest at 5% and are redeemable in series from one to 20 years.

Proceeds will be used to redeem at 102 the issue of $325,000 issued a few years ago and bearing interest at 6½%; to repay mortgages of $133,000 on certain theatres; to pay back special loans and increase the working capital.

The new bonds will be a first lien on the full assets of the company, which total $1.7 million.

McD. and C. Holdings To Pay 5% on Capital

From Our Own Correspondent

MONTREAL.—Directors of McD. and C. Holdings Ltd. have passed a resolution authorizing the company to make a further capital payment of 5% on account of its outstanding certificates of indebtedness, such payment to be made on Dec. 15 to holders of record Nov. 17.

Acadia Sugar Declares First Payment on Common

From Our Own Correspondent

MONTREAL.—Acadia Sugar Refining Co. has declared an initial dividend on the ordinary shares of the company. Two per cent will be paid on the $5 par shares on Dec. 1 next to shareholders of record Nov. 14.

This company's earning power has been steadily improving and earlier this year all arrears of dividends on the preferred stock were paid off in cash. The disbursement on the common is well within the limits of the company to pay, as last year earnings on the common amounted to 49 cents a share, compared with 28 cents a share in 1934 and 66 cents a share in 1933. As there are 300,000 common shares outstanding, the current distribution will amount to $30,000.

G. Howard Ferguson Joins Board of Toronto General

Hon. G. Howard Ferguson, former Canadian High Commissioner in London, has been appointed to the board of directors of The Toronto General Trusts Corp. to fill the vacancy created by the resignation of Hon. N. W. Rowell on his appointment as Chief Justice of Ontario. This appointment follows closely upon Mr. Ferguson's election to the directorates of the Western Assurance Co. and the British America Assurance Co.

TO THE HOLDERS OF:

Simpsons, Limited

6% Series "A" and 5½% Series "B"

First Mortgage and Collateral Trust Bonds

Due July 2nd, 1949

Called for redemption at 104 on November 20th, 1936

On the date of redemption, November 20th, 1936, these Bonds will cease to bear interest. In order to avoid loss of interest, therefore, it is important that Bonds be forwarded for payment immediately and the proceeds reinvested without delay.

Bonds sent to us for collection will receive prompt attention.

For reinvestment, we suggest:

Simpsons, Limited

4¼% First Mortgage and Collateral Trust Bonds

Due December 1st, 1951

Denominations: $1,000, $500 and $100.

Price: 100 and interest, yielding 4.25%

A list of additional investment suggestions will be furnished on request.

Wood, Gundy & Company Limited

36 King Street West Toronto TELEPHONE: ELGIN 4321

Toronto Montreal Winnipeg London, Eng. Ottawa Hamilton Vancouver London, Ont.

Government, Municipal, Public Utility and Industrial Bonds

List of current offerings furnished on request

NESBITT, THOMSON and Company Limited

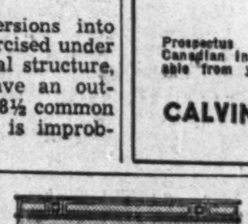
355 St. James Street West, Montreal

Branches in all the principal cities of Canada

Prospectus and semi-annual report of Canadian Investment Fund, Ltd., obtainable from your investment dealer.

CALVIN BULLOCK, LTD.

MINES AND INDUSTRIALS



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MEMBERS TORONTO STOCK EXCHANGE

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Bond Markets

Bond Prices Advance On Moderate Demand

Vancouver's Case for Interest Reduction Is Weakened — Investigation To Be Made Into Finances of Victoria

The high-grade bond market is again bestirring itself and climbing upward. Reflecting the trend of the New York market and increased buying interest, prices have advanced sharply. For the first time since early last month The Financial Post index stands above 116.

Despite the advance in the bond market, the cost of short term money to the Dominion government registered a further advance. An issue of $25 millions of Dominion of Canada treasury bills, due Feb. 15, 1937, was sold at a cost basis of 0.749%, compared with a cost of 0.730% for an issue sold on Oct. 30.

For the first time in several weeks Alberta bonds weakened slightly while other western provincials strengthened. Trading in these bonds is very small, but the supply side is so small that even a small demand results in rising prices. What demand there is has come from speculators. On the part of investors there is little liquidation.

To Survey Victoria, B.C.

BONDHOLDERS' representatives are to make an investigation into the financial position of the city of Victoria in order to determine the justice of its request for a lower rate of interest on its bonds.

Little progress was made by Mayor David Leeming and C. S. Henley, fiscal agent, when they conferred with bondholders in England recently. Mayor Leeming informed The Financial Post that British bondholders were sympathetic toword the city's proposal but took the attitude that the initiative in making an adjustment should come from Canadian financial interests. Thus, as in the case of Vancouver, British bondholders have passed the buck.

En route to Victoria from England, Messrs. Leeming and Henley conferred with representatives of bondholders in Toronto. As a result it was decided that a survey of the city's fiscal problems should be made by bondholders.

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Westerns in Disfavor

EXCEPT with a few speculators, Western Canada municipal bonds are in disfavor. Even at the present depressed price levels it is difficult to find a market for bonds of many western cities. Minor commitments, however, are being made by speculators in bonds of cities like Edmonton. It is pointed out that even if interest is cut in half, the yield calculated on prices would be good.

In market circles there is a growing feeling that some adjustment will have to be made in the case of a number of western cities. While no major city has defaulted to date, most of them are faced with serious difficulties and some adjustment may be necessary if default is to be avoided in the future. One suggestion has been that where a city holds a large amount of its own bonds in its sinking fund, these should be cancelled. This would result in a substantial saving in interest. At the same time it would be necessary to adjust bond maturities.

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Vancouver's Position

MAYOR GERRY McGEER'S case for a reduction in interest on Vancouver's bonds is gradually being weakened by improvement in business conditions in British Columbia and in the finances of the city itself.

Tax collections in Vancouver during the current year have had a definite buoyant tendency, total collections for the first 10 months being about $100,000 ahead of the same period of 1935. While the amount of current taxes collected is lower, the percentage of the roll paid to Oct. 31 is higher. Furthermore, collections at that date were in excess of the 80% which the budget estimated would be collected in 1936. Marked improvement has also been shown in the payment of tax arrears, receipts for the period totalling $2.2 millions, which is an increase of over $600,000 over the corresponding months of 1935.

Another factor from which the city is going to derive considerable benefit is the decision of the provincial government to assume from March 31, 1937, certain social service costs at present borne by municipalities. It is estimated the saving to Vancouver will be $360,000 annually.

During the current year the city has benefitted from the cut from 33 1/3% to 20% in the proportion of unemployment relief chargeable to it. As a result of business recovery the number on relief in British Columbia is gradually being reduced and indications are there will be a continuance of this trend

Since his return from England Mr. McGeer has had very little to say about interest reduction and some believe he has had a change of heart. On top of this he has announced his retirement from municipal politics so that it is possible the interest reduction campaign will subside somewhat.

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Market Trends

SASKATCHEWAN, British Columbia and Manitoba bonds have all recorded advances. Saskatchewan 5½'s of 1946 have risen four points to 92 and the 6's of 1952, 1½ points to 93.

Corporation issue continue strong. Gatineau 5's and 6's have advanced to 102 and 100 respectively on news that the Hydro-Electric Power Commission of Ontario is taking an additional 20,000 h.p. Maclaren-Quebec issues have also strengthened.

Newsprint issues have been mixed. Brown Co. and Great Lakes Paper issues advanced while others weakened slightly.

The trend of the high-grade bond market is indicated below:

The Financial Post Index of Average Price and Yield of High Grade Government Bonds

1936	Price $	Yield %	1935	Price $	Yield %
Nov. 17	116.27	3.093	Nov. 18	111.61	3.591
Nov. 16	116.12	3.109	Nov. 16	111.66	3.591
Nov. 14	115.96	3.123	Nov. 15	111.66	3.591
Nov. 13	115.91	3.127	Nov. 14	111.68	3.591
Nov. 12	115.61	3.140	Nov. 13	111.68	3.591
Nov. 10	115.81	3.140	Nov. 12	111.51	3.610
Year's	117.91	2.966	Year's	114.97	3.267
Range	111.50	3.597	Range	106.57	4.097

Municipal Finances

Parish of St. Joseph d'Alma, Que., which is under the supervision of the Quebec Municipal Commission, has been authorized to pay interest coupons of June and December, 1933, and June, 1934. On waterworks bonds, coupons of May, 1933, are being paid.

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Montreal, Que., has adopted a supplementary budget of $835,000 for the last six months of the current fiscal year. The budget is being met without recourse to loans or borrowing powers, and is made up of diversions of funds originally voted for purposes for which they have not been needed. Chief in the savings effected is that in interest and sinking funds which had been provided for various works which are either being carried out by the provincial government as relief works, or have been dropped because of lack of the necessary legislation.

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Hull, Que., has passed a by-law granting a fixed assessment of $4 millions to the E. B. Eddy Co. Ltd. for 10 years from May 1, 1936. Under the by-law the company will pay approximately $84,000 annually in municipal taxes. This amount does not include water rates or school taxes.

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Vancouver, B.C., reports that collections of current taxes during the first 10 months of 1936 totalled $8,151,511, or 80.47% of the total levy of $10,129,277. This year's budget estimated that only 80% would be collected for the full year. Current collections for 1935 to Oct. 31 aggregated $8,701,228 or 78.65% of the total levy of $11,063,690. Collections of arrears shows a marked increase, with $2,278,701 received out of $8,327,140 outstanding at Jan. 1. This compares with $1,648,390 received at Oct. 31. 1935, out of $7,869,643 outstanding.

Receipts of current taxes and arrears so far this year, aside from $109,582 paid in the first two days of November, amounted to $10,430,213, compared with $10,349,619 for the first 10 months of 1935. Receipts from license fees have also showed slight improvement.

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Regina, Sask., tax collections from all sources in the first 10 months of 1936 were $1,701,447, an increase of $76,588 over the same period of 1935. Collections of the current roll totalled $1,198,471, an increase of $31,289.

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Quebec City has been authorized by the provincial legislature to borrow $650,000 in order to meet its deficit for the current fiscal year. The loan may be effected by bond issue for which capital payment or sinking fund shall be established.

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Windsor, Ont., tax collections during the first 10 months of 1936 were in excess of the amount anticipated for the entire year. The 1936 budget was based on an anticipated collection of 75% of the current levy. Collections to Oct. 31 amounted to 75.23%. Collection of the additional levy for relief is progressing, with 64.33% paid. Collections of arrears have also shown improvement. Collections of the original levy total $2,910,936, of the supplementary levy $237,670 and of arrears $849,137.

• • •

Hull, Que., city council has been authorized to borrow $181,500 for a municipal public works and local improvement programme to be carried out during the winter and spring months.

Sorel Awards Bonds To Comptoir Nationale

From Our Own Correspondent

MONTREAL.—Comptoir National du Placements has been awarded a 4% serial 15-year bond issue of the City of Sorel totalling $232,800. The successful bid was $98.58. Other bids were: L. G. Beaubien and Co., $98.28; Banque Canadienne Nationale, $98.04 and Thompson Bros., $97.57.

Bond Tenders

4 p.m., Nov. 23, Saint Jerome, P.Q.—$17,000 3½, 4, 4½ or 5%, dated June 1, 1936, redeemable serially to Dec. 1, 1945. Emile Martin, clerk.

8 p.m., Nov. 23, Saint Hyacinthe, P.Q.—$39,000 3½%, dated from Aug. 1, 1934, redeemable serially from Aug. 1, 1937, to Aug. 1, 1964; $24,500 3½%, dated from June 1, 1935, redeemable serially from Dec. 1, 1937, to 1965; $84,500 3½%, dated from Dec. 1, 1935, redeemable serially from Dec. 1, 1937, to 1965; $100,000 3½%, dated Sept. 1, 1936, redeemable serially Sept. 1, 1937, to 1966. M. A. David, clerk.

Manitoba Debt Up $2 Millions

Surplus Shown on Ordinary Account for 1935-36 Year

Net debt of Manitoba in the year ended April 30, 1936, increased by $2.2 millions to $70.2 millions, the public accounts show. Gross funded debt increased by $1.5 million to $124.1 millions.

With revenue receipts at the highest level in the history of the province a surplus of $159,536 is reported on ordinary account, compared with a surplus of $191,275 in the previous year.

Relief Costs

If unemployment relief expenditures are taken into account the actual deficit was in excess of $3 millions. This represents a sharp increase from the year ended April 30, 1935, when the deficit, inclusive of relief costs, amounted to $2.1 millions. Relief costs in the 1935-36 fiscal period were almost $1 million higher than for the 11 months ended March 31, 1935.

Comparative results on ordinary account for the 1934-35 and 1935-36 fiscal period are shown below:

Revenue	1936 $	1925 $
Dominion of Canada	1,786,923	1,716,484
Attorney-general	1,427,410	1,221,347
Agricul. & Immigra.	6,317	2,850
Education	119,963	145,040
Legislation	4,351	4,586
Provincial Secretary	49,836	61,872
Labor	27,425	......
Public Works	89,703	116,607
Treasury	1,671,352	1,665,695
Municipal Dept.	7,233,332	7,162,423
'Phones & Telegraphs	992,225	1,049,095
Health & Pub. Welfare	266,036	238,158
Old Age Pensions	273,873	280,120
Mines & N. Resources	611,773	619,605
	14,560,573	14,383,862
Expenditures		
Public debt	6,801,663	6,945,709
Attorney-general	671,981	629,152
Agricul. & Immigra.	206,562	259,144
Education	1,734,123	1,694,442
Legislation	165,395	171,759
Provincial Secretary	23,225	23,976
Labor	78,800	......
Public Works	1,301,328	1,208,658
Treasury	120,558	116,891
Municipal Dept.	175,096	170,869
Executive Council	28,519	26,241
Health & Pub. Welfare	1,973,626	1,874,896
Old Age Pensions	639,663	589,746
Mines & N. Resources	480,497	481,104
	14,401,036	14,192,587

Dividends Declared

	This payment	Date payable	Date of record
Andian National	$1+$1	Dec. 1	Nov. 20
Anglo-Huronian	20c	Dec. 1	Nov. 19
Anglo-Can. Tel., A	12½c	Dec. 1	Nov. 14
Bk. of N. Scotia	$3	Jan. 2	Dec. 16
Bk of Commerce	$2	Dec. 1	Oct. 31
Bk. of Montreal	$2	Dec. 1	Oct. 31
Bk of Toronto	$2.50	Dec. 1	Nov. 14
Belding Cort.	$1	Jan. 2	Dec. 15
Do., pref.	$1.75	Jan. 2	Dec. 15
Borden Co., c.	40c	Dec. 1	Nov. 14
Bk. of Canada	$1.13	Jan. 2	Nov. 30
Bk. Can. Nationale	$2	Dec. 1	Nov. 14
Biltmore Hats, pf.	$1.75	Dec. 15	Nov. 15
Bulolo Gold	‡1.40	Dec. 10	Nov. 19
Can. Wire & Cable pfd.	*2.75	Dec. 23	Dec. 1
Can. Vinegars	30c	Dec. 1	Nov. 14
Can. Canners, 1st p.	$1.50	Jan. 2	Dec. 15
Can. Int. Inv. Tr., p.	$2.50	Dec. 1	Nov. 16
Corr. P. Box, pf.	$1.75	Dec. 1	Nov. 17
Cosmos Imp., pref.	$1.25	Jan. 15	Dec. 31
Confed Life	$1	Dec. 31	Dec. 25
Catelli Food	†25c	Nov. 30	Nov. 17
Do., pref.	37c	Nov. 30	Nov. 17
Chase, A. W., pf.	50c	Nov. 10	Oct. 30
Dom. Bank	$2.50	Jan. 2	Dec. 19
Electrolux	40+30c	Dec. 15	Nov. 14
Hollinger Gold	5c+5c	Dec. 1	Nov. 16
Int. Nickel, c.	40c	Dec. 31	Dec. 1
Imperial Oil	25+37½c	Dec. 1	Nov. 13
Inter. Pete.	75+50c	Dec. 1	Nov. 20
Kirkland Lake	3c	Dec. 1	Nov. 12
Lake Shore M.	$1+$1	Dec. 15	Dec. 1
Lake of Woods, pf.	$1.75	Dec. 1	Nov. 14
Do, arrears	$14	Dec. 1	Nov. 14
Loblaw Groc., A & B	25c	Dec. 1	Nov. 12
Laura Secord	75c	Dec. 1	Nov. 14
McKenzie R. Lake	3c	Dec. 15	Nov. 30
Do., extra	1c	Dec. 15	Nov. 30
McColl-Fron., c.	20c	Dec. 15	Nov. 14
McKinley Mines	2½c	Dec. 1	Nov. 19
McIntyre Porc.	50c	Dec. 1	Nov. 2
National Biscuit	40c	Dec. 15	Nov. 13
Do, pref.	$1.75	Nov. 30	Nov. 13
Nat. Grocers, pf.	$1.75	Jan. 1	Dec. 15
Nor. Can. Mining	2c	Dec. 1	Nov. 20
Noranda Mines	$1.75	Dec. 22	Dec. 1
Neon Prod. of W. Can., com.	25c	Dec. 20	Dec. 7
N.S. L. & Pr., pf.	$1.50	Dec. 1	Nov. 14
Ogilvie Flour, pf.	$1.75	Dec. 1	Nov. 20
Reno Gold	3c	Jan. 2	Dec. 10
Royalite Oil	50c	Dec. 1	Nov. 13
Do., extra	25c	Dec. 1	Nov. 13
Rolland Paper, pf.	$1.50	Dec. 1	Nov. 14
Royal Bank	$2	Dec. 1	Oct. 31
South. Amer. Gold	10c	Dec. 10	Nov. 25
Sylvanite Gold	5c	Dec. 31	Nov. 16
Siscoe Gold	5c	Dec. 15	Nov. 30
Union Gas	12½c	Dec. 15	Nov. 23
Tamblyn, c.	†20c	Jan. 1, '37	......
Toburn Gold	2c	Nov. 21	Oct. 21
Tor. Elevators, c.	$1	Nov. 25	Nov. 10
Ventures	2½c	Jan. 2	Dec. 15
Walker, H.	50c	Dec. 15	Nov. 20
Do., pref.	25c	Dec. 15	Nov. 20

†Initial. *On arrears. ‡Interim.

Bond Redemptions

Bond Issues:	Rate	Year	Date	Price
Hyd.-Elec. Pr. Ont.	3½-5%	1952	Apr. 1 '37	100
Simpson's, A	6%	1949	Nov. 20	104
Do., B	5½%	1949	Nov. 20	104
Riordon Pulp	‡6%	1942	Dec. 31	105
H. Walker	†4½%	1945	Dec. 1	104
H. Smith Pap.	5½%	1953	Dec. 1	104
Mississippi River	°5%	1951	Jan. 1	105
Avon River, A	5½%	1956	Jan. 1	103
Do., B	5½%	1957	Jan. 1	103
Do., C	5½%	1958	Jan. 1	103
Can. Bread	▲6%	1941	Feb. 1	110
Porto Rico Tele.	•6%	1944	Dec. 1	105
Hospital of Infant Jesus, Que.	...	*	Feb. 1	101

For sinking fund: ‡$81,000. ▲$100,000. •$23,400. °$155,900. †Partial redemption. *Maturing from Aug., 1937, to 1956.

Stock Issues:	Rate	Stock	Date	Price
Stanfields	6%	Pref.	Dec. 15	42

Reinhardt Breweries Co. Ltd.

Shareholders have approved by-laws reducing capitalization by $314,346, and thus cancelling capital representing incorporation and organization expenses.

Pacona Demands Action On Plan for Price Bros.

From Our Own Correspondent

MONTREAL. — Pacona Ltd., owned by Aluminium Ltd., Saguenay Power Co. and Lehman Bros., has called for a showdown with the common and preferred shareholders of Price Bros. and Co. Either a new plan put forward by Pacona is accepted within 15 days, or Pacona will cause the trustee for the bondholders to proceed with sale of the mortgaged property.

If the shareholders don't like this then, Pacona says through its president Aime Geoffrion, the only alternative is for them to pay off the first mortgage bonds before the date fixed for the sale.

Views of Shareholders

So far interests representing the preferred and common shareholders do not give any indication of being perturbed at the threat to sell the property, nor are they impressed with the offer.

Pacona owns $10,788,400, or 97½% of Price Bros. outstanding bonds which are in arrears of interest totalling over $3.1 millions. It is proposed to turn these bonds over to Price Bros. which, in turn, will cancel them and pay off the balance of $255,700; create a new issue of $14 millions of two year 5% bonds to be put up as collateral with a group of eight banks, which have already advanced $7.7 millions and will provide the company with another $6.3 millions provided they receive additional collateral in the form of "certain marketable securities" now owned by the company.

Changes in Capital

At the beginning of November Price Bros. and Co. had outstanding $11,061,600 of bonds on which interest arrears totalled $3,389,827, making a total liability of $14,451,427; $8,224,577 of preferred stock, made up of $6,284,300 of principal and $1,940,277 of dividend arrears, and $42,683,200 of common stock.

Under the Pacona plan capital will be: $14 millions of 5% bonds; $3,142,150 of preferred stock and 1,000,000 shares of no par value common.

Distribution of Stock

Holders of the existing preferred will be given for each share of $100 6% share, one new $50 par preferred share, carrying a 5% dividend cumulative after January 1, 1940, and redeemable at a premium of 5%. In addition the holder will be given outright one share of common and the transferable right to subscribe for two shares of common stock at $12.50 a share.

For each share of the existing common stock, the holder will receive one-quarter of a new share and the transferable right to subscribe for 7/10ths of a share at $12.50 each.

Pacona will receive 660,898 shares of new common stock, leaving 169,551 shares to be applied against subscription rights.

The distribution of the common, before considering rights, will be as follows:

Preferred	62,843
Common	108,708
Pacona	660,898
Unissued	169,551

Can Get Control

If the rights are taken up by the existing preferred and common shareholders, the new stock will be distributed in the following proportions:

Preferred	188,529
Common	405,490
Pacona	405,981

It will be noted that the unissued common stock is not sufficient to cover the rights. The plan provides that if all the rights are taken up then the necessary shares are taken from Pacona's allotment.

What Pacona Gets

On the basis of the full allotment to Pacona, which has a cash investment of $6,440,000 in the bonds, etc., the stock of Price Bros. will cost it about $9.65 a share.

If the rights are taken up in full, Pacona will receive around $3.2 millions in cash, reducing its investment to $3,240,000, represented by 405,980 shares, which would cost an average of $7.98 each.

Where Cash Goes

Under the plan Price Bros. and Co. will receive from the banking group $6.3 millions in cash and from the sale of stock $2,119,387, or a total of $8,419,387 in new capital.

For this the company would have to take care of the following obligations:

Payment of unsecured creditors' claims—$2,699,829;

Payment of bankruptcy expenses —$350,000;

Payment of outstanding bonds—$350,000;

Payment of bank and other loans —$4,036,635;

And reorganization expenses —$200,000.

This would leave a balance of $782,923.

Working capital of the company would be improved. At present there is an excess of current liabilities over current assets of between $400,000 and $500,000. With the new capital this position would be changed to a favorable balance of better than $7 millions.

Must Fulfill Contracts

One condition of the plan put forward by Pacona is that the power contract between Price Bros. and Co. and Saguenay Power Co., dated April 15, 1926, and the agreement between Price Bros. and the Roberval and Saguenay Railway Co. and with Saguenay Terminals Ltd., and the lease with Price Realty Co., be carried out for the balance of their respective terms.

Ontario Power Co. Bonds Wanted for Sinking Fund

As trustees for the Ontario Power Co. of Niagara Falls 5% first mortgage bonds the Toronto General Trusts Corp. has announced that it has $249,394 on hand with which to purchase bonds for the sinking fund. Tenders for the sale of bonds will be received by the trust company up to Dec. 3 next.

Canadian Car Silent On Fort William Plans

MONTREAL.—Reports from the head of the lakes that the Fort William plant of the Canadian Car and Foundry Co. will shortly reopen to engage in the manufacture of airplanes, are neither confirmed or denied by officials at the head office.

A First Mortgage Bond to Yield Over 6%

FULLY SECURED BY SOUND REALIZABLE ASSETS IN A COMPANY WITH AN IMPROVING EARNING POWER. FULL INTEREST AND SINKING FUND REQUIREMENTS HAVE ALWAYS BEEN PAID.

Full Particulars upon request.

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TELEPHONE: ELGIN 2236

St. Lambert to Raise Money To Pay Interest on Bonds

MONTREAL.—City of St. Lambert council has voted to borrow $76,484 from the banks for the purpose of meeting defaulted bond interest payments, due May 1, 1936. This is the third time the matter has been discussed by the council, the proposal to pay bond interest being turned down at the two previous meetings because written suggestion of the move by the Quebec Municipal Commission was lacking.

It is expected that payment on the bonds will be made about the beginning of December.

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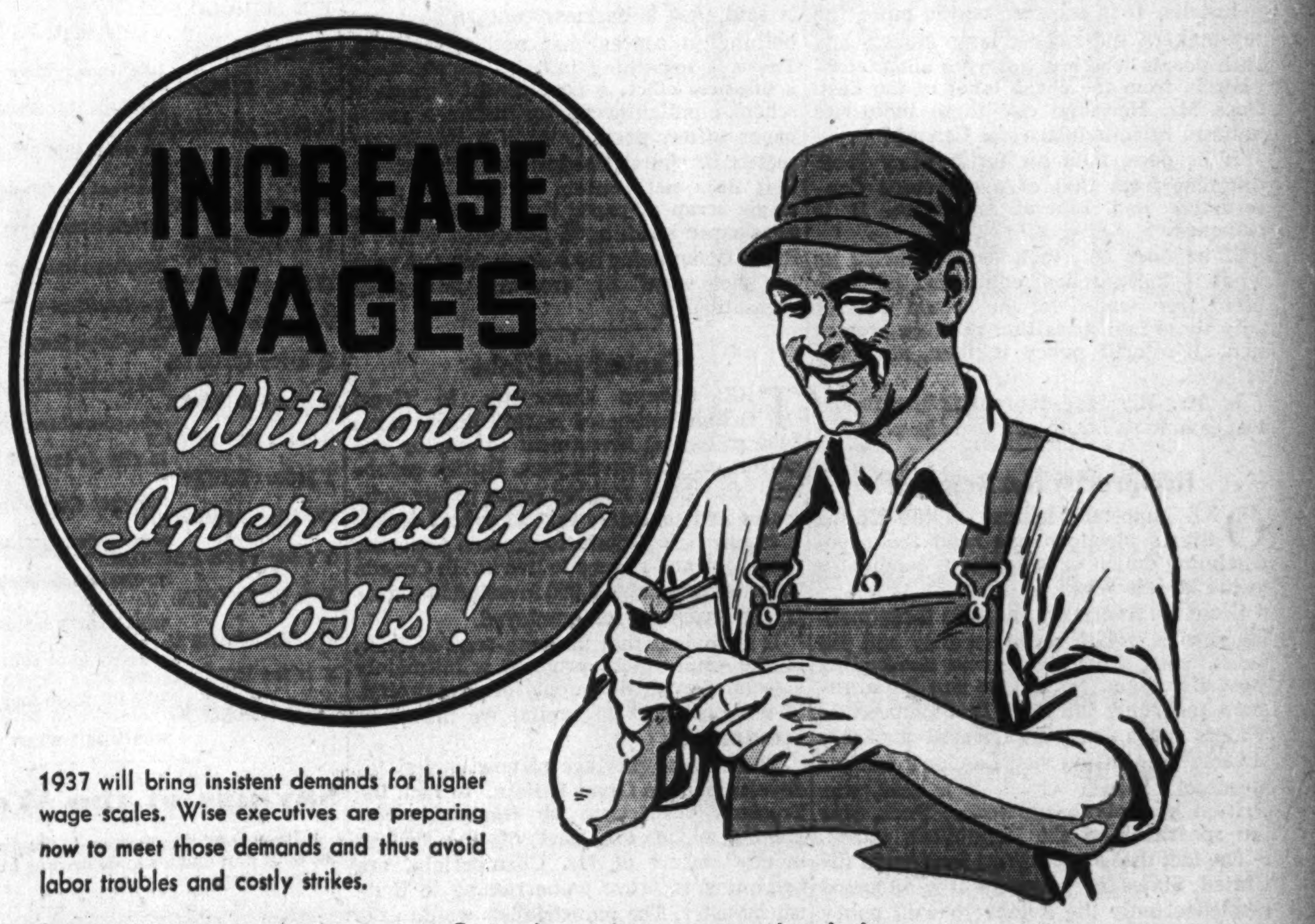

1937 will bring insistent demands for higher wage scales. Wise executives are preparing *now* to meet those demands and thus avoid labor troubles and costly strikes.

There are two ways to increase wages. One is the usual or conventional method: *a flat percentage increase* on the average hourly or salary rate. Under this method, costs inevitably rise. For it provides absolutely no assurance of any more work for the increased pay.

The other, more modern way, is the May Method of increasing wages *without* increasing costs. All fair-minded employees are willing to do more work for more money. The May Method gives them both the opportunity and the incentive. Earnings are in direct proportion to the work produced. Costs are kept down : : : in many cases actually reduced. Everybody benefits.

Of 278 clients served by the May Company during the past ten months, 233 used the May System of increasing wages without increasing costs.

The development of a satisfactory wage arrangement is only one of many management problems on which May Engineers can give you valuable assistance. Now, when you are laying plans for the coming year, their broad background of experience may prove especially helpful. A representative will gladly call at your convenience and explain fully how May Methods can increase your profits in 1937.

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320 Bay Street, Toronto, Ontario
CHICAGO: 2600 North Shore Ave. NEW YORK: 122 East 42nd St.
SEATTLE: 710 Second Avenue ATLANTA: 134 Peachtree St.

Mining Dividends

	Rate	Close Nov. 16	Yield %
Anglo Huronian	20c	6.35	..
Beattie Gold	†5c	1.33	..
Bralorne	30c+15c	8.30	..
Buff. Ankerite	20c	10.75	1.9
Bulolo Gold	‡1.40	29.00	..
Cariboo	10c	1.80	5.6
Central Patricia	†4c	4.20	..
Coniagas	†12½c	3.25	..
Cons. Smelters	50c	77.75	..
Dome Mines	$2+$2	54.00	7.4*
Falconbridge	30c	12.25	2.4
Hollinger	65c+35c	13.75	7.2*
Howey Gold	2c	.67	..
Hudson Bay	50c	30.00	..
Island Mountain	†5c	1.25	..
Int. Coal & Coke	‡1c	.21	..
Inter. Mining	60c	12.00	.5
Int. Nickel, c.	$1.60	64.50	2.4
Kerr Lake	5c	.55	..
Kirk. Lake	‡3c	.68	..
Lake Shore	$4	62.25	6.4
Little L. Lac	30c	7.15	..
Macassa	15c	6.05	..
McIntyre	$2	43.25	4.6
McKenzie R. Lake	6+1c	1.73	..
McKinley Sec.	2½c	.63	..
McWatters Gold	†5c	.91	..
Nipissing	50c	2.50	..
Nor. Can. Mining	2c	.55	..
Noranda	‡$1.75	73.00	..
Pickle Crow	15c	6.75	..
Premier	12c+4c	3.10	5.1*
Pioneer, B. C.	80c	6.00	13.3
Reno	12c	1.41	8.5
San Antonio	14c	2.04	..
Sheep Creek	8c	.80	10
Siscoe	20c	4.55	4.4
So. Amer. Gold	30c	5.05	..
Sylvanite	20c	3.30	6.1
Teck-Hughes	40c+5c	5.05	8.9*
Toburn	8c	4.00	2
Ventures	2½c	3.07	..
Wright-Har.	40c+20c	7.80	7.7*
Ymir Yankee Girl	5c	.35	..

‡Interim. †Initial. *Yield includes bonus.

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Classified ads, cost 4c. per word and figure for each insertion. Minimum ad., $1.75. Three insertions for the price of two. Add five words when box number is required. Classified ads. payable in advance.

Capital Wanted

OWNER OF 3,840 ACRES IN AN Eastern Mining District, with a large Ore body carrying high values in Lead-Zinc-Copper-Silver and Gold, seeks capital to develop this property. Would like to get in touch with financial interest to form a company. If interested, write Box 1, The Financial Post, Toronto, Canada.

EXECUTIVE — Experienced in business management, secretarial work; several years' practical experience in printing and newspaper business, publicity, organization and office equipment. Successful record as Purchasing Agent. Excellent references. Business contacts East and West. Seeks position where demonstrated ability means advancement. Correspondence confidential. Box 3, The Financial Post, Toronto, Ontario.

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All of these shares having been sold, this advertisement appears as a matter of record only.

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($5 Par Value)

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(Incorporated under The Companies Act, Canada)

Circular containing a letter received from the President of Fairchild Aircraft Limited, giving a full description of the Company, will be sent on request.

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TORONTO, NOVEMBER 21, 1936

The Financial Post's Platform for Canada

1. *Balanced budgets.*
2. *Abolish politics in C. N. R.*
3. *Merit system in public service.*
4. *Freer foreign trade through Empire preferences and foreign treaties.*
5. *Stable tariffs for balanced development.*
6. *Stricter laws to protect investors.*
7. *An even break for Canadian national newspapers and periodicals.*
8. *A modernized constitution.*
9. *Integrity in meeting public obligations.*

Is This Tariff Heresy?

THE new tariff policy offered to Canada by Hon. W. D. Herridge is either strikingly original or exceedingly orthodox.

The old tariff has been abused and overdone, Mr. Herridge argues. He is right. But free trade, he thinks, would be just as bad.

Therefore, let us choose, suggests Mr. Herridge, those industries that are natural and indigenous to Canada and protect them. Let us take those industries that flourish here unnaturally and remove the protection from them.

What is the difference, one wonders, between this and free trade?

Our indigenous industries, the ones that flourish here naturally, do not need protection. It is only the ones that cannot flourish here naturally that "need" or demand protection. To give protection where it cannot be used and provide none where there might be a case for it is to abolish protection entirely. Up to this point Mr. Herridge is a tariff heretic.

We suspect, however, that Mr. Herridge does not really mean what he says. For he refers to the fact that without protection "some of our basic industries would surrender to the cheap labor markets of the East."

This is the catch in his tariff policy. Evidently Mr. Herridge reserves the right to define what are "natural, basic" industries.

We have not heard it suggested that we need worry about the cheap labor in Far East flooding this country with wheat, newsprint, pulp, copper, zinc, lead, cattle, hogs and other products of our primary industries. It is only the textile mills, the toy-makers, the electric lamp makers and such people who are worrying about competition from the cheap labor of the East. Does Mr. Herridge call these industries natural, basic industries of Canada?

If he does, then his tariff policy is no different from that of our present Conservative and Liberal statesmen. It is orthodox.

If he does not, then he is offering us what is the practical equivalent of complete free trade, for he would protect only those industries that need no protection. His tariff policy is, then, new and original.

Is Mr. Herridge the tariff heretic he makes himself out to be? Or is he not?

Reciprocity Not Rejected

ONE important feature of the United States elections has been the overwhelming defeat of Republican candidates in the Middle West.

Close observers say that the three main issues were relief, social security and the tariff, with the latter theme dominating most discussion. So intense was the argument regarding the tariff that Democratic leaders for a long time feared a highly adverse vote. Governor Landon's famous Minnesota speech which, it is said, was written by isolationist George Peek, was the spearhead of the Republican attack.

The fact that Middle West farmers in the United States have apparently endorsed wholeheartedly the Roosevelt tariff policy is of considerable interest to Canada, for undoubtedly the policy which affected them most directly has been the one set down in the Canada-U. S. trade agreement of last year.

Employers and Wages

RECENTLY the Manchester Guardian Commercial referred to the Roosevelt election sweep as proof of a world-wide movement against a "perverted Darwinism which would starve the unsuccessful." Rooseveltian policies have been stupid and impractical in many respects but this splendid theme of resisting "perverted Darwinism" has run through many of them. The same idea will be found in the labor policies of all unselfish employers.

The series of articles on the wage policy of Canadian industrialists that has been running in The Financial Post has brought out a very significant fact. It is that the larger Canadian employers see little benefit in a policy of pressing down on wages. They agree that industrialists should seek to pay the highest wages that can be borne equably by farmers and other consumers; that widespread wage reductions are not the answer to our more pressing problems; that the means of paying high wages must be found in large production, in efficiency, in machinery.

One cannot apply to wages unreservedly the laws of supply and demand. And in framing labor policies no industry and no government can forget human and social elements.

It is right and just that there should be a world-wide search for the means to security for the common man, whether through a fairer division of the income he helps to create, through practical social legislation, through insurance plans designed to give him protection against economic storms.

Unfortunately, many of the measures undertaken to help the worker do him more harm than good. This was certainly true of N.R.A., which set out to benefit some workers at the expense of others. Some of the industrial codes in Canada, that restrict production and increase the cost of every-day articles, simply result in there being less to distribute among workers. A great deal of our social legislation takes more from the worker in taxes than it gives him in benefits. Or take the labor aspects of the railway problem. The chief obstacle to its solution is a sentiment in favor of "protecting" labor from a reduction in the number of workers employed on the railways. Yet the money wasted on operating unnecessary railway services in Canada is enough to provide the Dominion Government's share of a scheme of unemployment insurance for all Canadian workers. The workers of Canada get little benefit out of such short-sighted protection that ignores their longer term interests.

Headline Hunters

ROYAL Commissions of Enquiry seem to have greater powers than are accorded to the courts. They go further in probing and prying than any court would ever think of going.

The Price Spreads and Textile enquiries have given many business firms a suggestion of the unreservedly autocratic power of such bodies. Agents of the commissions have appeared in business offices, pored through books and correspondence files, sometimes looking for facts that had been ordered by the chairman, and just about as often seeming to be hunting for something that might make a newspaper headline. Apparently nothing is private; nothing can escape their curious gaze.

In defense of this OGPU-ish probing it is said that a business concern that has nothing to conceal has nothing to fear. There is something in this. But is there a business office, a government bureau, a school, a philanthropic institution, a newspaper office, possibly even a missionary society or church headquarters in Canada, that does not contain in its files some single scrap of paper that would make a newspaper headline if presented before a Royal Commission by a clever counsel wise in the ways of creating newspaper "sensations"?

Capital and Jobs

THE Colwyn Committee in Great Britain estimated in 1927 that it takes £400 of capital investment to employ one person. A. E. Feavearyear, British economist, has been making some newer estimates and considers that £1,000 of capital is required in Britain to provide a worker with a job and a home to live in. In Canada there is more than $8,000 invested in industry for every person employed.

It is obvious that the long-term solution of the employment problem is intimately associated with the supply of new capital. If we run short of capital we must run short of jobs.

There is no shortage of new capital for development in Great Britain. In fact, the Treasury restrictions on foreign investments, which are part of the "cheap money" effort of Mr. Chamberlain, are beginning to prove embarrassing to British industry. The industrialists would prefer to see more British capital going abroad to develop new markets for British manufactures.

The United States does not suffer from any shortage of new capital, being able to create all it needs. Carl Snyder, American economist, has made studies which seem to prove that the bulk of new capital in the United States comes not from the individual savings of large masses of the people but from the surplus profits of industry, not disbursed as dividends but "ploughed back" into new plant and equipment. He argues that whatever reduces profits or limits them is inimical to the continued growth of the country, and is opposed to the best interests of workers and others interested in the general well-being of the nation.

Canada has not reached the limit of its economic development nor of its natural population growth.

Until we do begin to taper off in population and economic growth, we shall need each year large new sums of new capital for our national development. Some of this capital we can create ourselves; our recent gold mining boom has been financed with very limited amounts of outside capital, either American or British. But for some decades yet we shall remain a borrowing country.

We cannot provide adequate employment for our people without new capital. And we cannot induce new capital to come here without treating outside investments decently. Political measures that destroy confidence in Canada's treatment of outside capital have the immediate effect of limiting the ability of economic Canada to create employment.

If those political leaders who preach the confiscation of investments in Canada through measures of repudiation or excessive taxation, would consider that for every man who has a job in a Canadian factory it has been necessary to invest $8,000 of capital, it might have a sobering influence on them.

Editorials in Brief

Mark Sullivan, arch-Republican political commentator for the New York Herald-Tribune, agrees that Roosevelt may be much more conservative in his second term; that he will "mop up" or consolidate his advances.

* * *

University of Toronto students debated the question "That this House would rather live in Moscow than in Berlin."

The Financial Post's choice would be to remain in Canada. The Post could not be published in either Moscow or Berlin. Independent publishers and plain-speaking editors go to jail in both Russia and Germany.

* * *

Pioneer farmers of Alberta are among the worst sufferers from the Aberhart debt reduction legislation. Hundreds of these men and women retired after disposing of their farms either on a crop sharing basis or taking mortgages in part payment. Some of them have now been practically wiped out by the Aberhart bill.

* * *

One feels like saying of Mr. Herridge's plan for a Plan what one thinks of the Pogue carbureter that is being developed under his direction: if it will work it will be an amazing boon to mankind.

It may be simple to determine whether or not Mr. Pogue has discovered a revolutionary new principle in carburetion. It will be much less simple to determine whether or not Mr. Herridge has discovered a revolutionary new principle for making Democracy really work.

* * *

The monthly organ of the Canadian Chamber of Commerce says that Canadian periodicals have lost less than was expected as a result of the abolition of the tariff on foreign periodicals.

But the chamber's house organ overlooks an important fact; that to hold their circulation figures Canadian periodicals have had to spend enormously increased sums on promotion effort. The greatly increased sale of United States periodicals in Canada has also resulted in curtailing expenditure of United States advertisers in Canadian magazines.

They comprise the only industry in Canada which has no protection but pays, owing to duties and taxes, higher prices than foreign competitors on practically all raw materials.

Post-Scripts

ENTITLED "Wall Street Alphabet" a board room ABC by John A. Straley appears in the Investment Dealers' Digest as follows:

A is for ASSETS
which seldom you'll find.
B is for BROKER
a gent much maligned.
C is for COUNTER
the houses trade over.
D is for DOG
and we don't mean Old Rover.
E's for EXCHANGE
where the markets they make.
F is for FLYERS
the customers take.
G is for GOLD
by most currencies ditched;
H is for HOLDINGS
which ought to be switched.
I's for INVEST
like conservative guys.
J is for JIGGLE
for folks otherwise.
K is for KICKBACKS
on deals that are slow,
L for the LAWYERS
who get all the dough.
M is for MARKET
which simmers or lags,
N is for NEWS
for those holding the bags.
O is for OPTIONS
the bankers will take,
P for the PROFITS
they hope they will make.
Q is for QUOTES
the quote business is great.
R is for RUNNER
who sometimes is late.
S is for SALESMAN
in city or town,
T is for "THEY"
who put stocks up and down.
U's UNDERWRITER
who seldom gets thanks,
V's for VICE PRESIDENT
swarming in banks.
X is UNKNOWN
which carry bonds high.
W's WARRANTS
it's why some sell; some buy.
Y is for YOU
who for more margin run;
Z is for ZERO
what's left when you're done.

Sayings of the Week

"If we want the farmer to be our customer, we must first find a way to become his customer."—*Henry Ford.*

* * *

"Spain is going Fascist—definitely. Germany, Italy will never allow socialism to exist."—*Lord Rothermere.*

* * *

"Machinery and equipment are today seldom worn out. They are discarded for something better."—*Herbert Hoover.*

* * *

"Notorious criminals are often by-products of the sensational press which could hardly maintain itself without them."—*Lewis E. Lawes.*

* * *

"Business will not have accomplished its full service until it provides the opportunities for all men to be economically free."—*Owen D. Young.*

* * *

"What we call the economic cycle is in reality a psychological cycle. It is a by-product of the workings of human nature."—*James T. Adams.*

* * *

"The international goodwill that exists between Canada and the United States is what all the world must achieve, or perish."—*Stephen Leacock.*

* * *

"Mass-mentality, with its waves of unreasoning emotion, is one of the greatest sources now at work for weakening the basis of our civilization." — *Nicholas Murray Butler, president, Columbia University.*

* * *

"Modern knowledge of refrigeration, warehousing, air conditioning, make it possible that when there is over-production there can be accumulation in a new warehousing system until the need occurs again."—*Bernard M. Baruch.*

* * *

"It was not doctrinaire pedantry which made the great British statesmen of the 19th century free traders; it was a shrewd and solid conception of the peace and well being of the Empire."—*Professor Lionel Robins, British authority on international economics.*

—Drawn for The Financial Post by R. Kaell.

CANADA: "So you think, Bill, that the little motor is strong enough to run it."

Why Rural Editors Succeed

Lindsay Watchman-Warder

We read in The Financial Post an astounding statement that the Toronto Daily Star remarked editorially, "An editor is nobody in particular and he meets but few people." We often wondered why The Star editorials so often lacked the force of public opinion, but now we know. Apparently Star editors get their ideas behind highly polished mahogany desks within the confines of the magnificent Star building, and therefore are not really abreast of the times, because they feel to do that most important editorial duty — mixing with the public and getting the actual reaction to the news and to everyday happenings—is not necessary. Yet with an outstanding successful newspaper, that has sent its feature writers to all corners of the world, this hardly seems possible.

Perhaps that is the reason why the editors of weekly newspapers back in the old home towns are so much better informed than their high-faluting brother editors of metropolitan city dailies. These rural town editors are looked upon as a part of everything in the community. Many of them are public martyrs who serve or have served on municipal bodies. They belong to churches, as well as attend regularly, and usually hold down some important office in their church. They were the original "joiners" or goat-riders of fraternal societies in the olden days. They are officers in half a dozen community organizations or service clubs, attend most of the silver and golden weddings, practically all the chicken suppers in the district, and are accused of being the most regular attendants at auction sales and funerals in the county. They see first hand practically everything in the life of their community, and for that reason they are in a position to interpret the mind of the community and the will of the people in a fairly accurate manner.

We therefore suggest that The Star editors take a couple of months off and get out and edit a weekly newspaper while the latter editor and his wife are on their annual vacation during the winter months basking in the sunny clime of California or Florida. Not only will the city editors then have a broader outlook on life at the end of that time, but they will have found that contact with rural people is not only an enjoyable and happy experience, but absolutely necessary to the success of a weekly editor.

Elections and Recovery

Col. Leonard P. Ayres
Vice-President of Cleveland Trust Co.

The chief significance that the recent American elections have for business is that they show that the people firmly desire to have their government actively participate in their economic problems. The people now look to their government as being able to solve their problems, and they intend to insist that it shall solve them.

The short-range implications of the elections are more clearly specific. The first among them is that there will be no sharp change from the conditions of late 1936 to those of early 1937. We are in a recovery movement which has gained a strong momentum; and which promises to continue for many months to come. It is still predominantly a consumers goods recovery, and in keeping with that characteristic it promises to produce in this month and next the best holiday trade since those of the prosperity years. It is a recovery strongly supported by large governmental expenditures, and that condition is likely to be maintained.

There are parts of our business economy that are still operating at levels that are far below normal, and which account for most of our unemployment. . . . Construction is increasing in volume, but it is held back by high costs. A vast amount of governmental money and effort has been devoted to attempts to stimulate it, but without availing much to speed up private expenditure.

The production of capital goods is largely dependent on new financing by corporations. The volume of new financing depends on the degree of willingness that business leaders may have to assume new risks in the hope of making greater profits. It depends on long-range confidence in the future, and the continuing development of this recovery depends on the rate at which that kind of confidence increases.

As Others See Us

Empire Trade
Brantford Expositor

Despite the pessimists and notwithstanding a rather persistent propaganda to the contrary, the Empire Trade Agreements negotiated in 1932 seem to have proved successful. True, they were not perfect, but the phenomenon of a flawless pact of any sort has yet to be recorded, and a quick glance at comparative figures is indicative of the tremendous benefits accruing not only from a commercial angle, but from the far more important point of view of Empire solidarity.

Thus figures given in the current issue of The Financial Post show that since the Ottawa agreements became operative, Canadian purchases from the United Kingdom have increased by 11% and from other Empire countries no less than 45%. This Dominion's purchases from the United States have dropped 9% and from other foreign countries 17%. The figures show that in 1931-32 Canada bought from the United Kingdom $106 millions worth of goods, whereas for 1935-36 the total stood at $118 millions. Similarly for Empire trade other than that with the United Kingdom the advance was from $41 millions in 1931-32 to $60 millions in 1935-36.

Obviously the Ottawa Agreements have produced highly desirable results, and if there be those who are not satisfied with them it should be possible to even further improve upon them. In the meantime the proof of this Empire trade pudding is in the eating.

How To Wind Up Relief
Stratford Beacon-Herald

The word "depression" has perhaps become too much of a household one in Canada and in other countries, and it has had a depressing effect on not only the minds of business people but also upon thousands of individual workers. It has demoralized many people and killed personal initiative.

In an editorial appearing in The Financial Post, entitled "Re-employment Through Private Effort," it is pointed out that business is on the mend the world over, and that unemployment is dwindling. Figures regarding the numbers on relief may not show much change, but this is said to be because "can't works" and "won't works" pad the lists of unemployed in all countries.

With the advancement of business in Canada, each day more men and women are going back to work, and The Post states that in some fields there is already an impending shortage of skilled labor.

The Beacon-Herald has previously called attention to the pernicious folly of making political capital out of the unemployment situation, and it is to be hoped that both parties will avoid making it an issue in the next election in Ontario. The failure of one government after another to fulfill its election promises to solve the unemployment problem only goes to show that politicians cannot make work—except at the crippling expense of the taxpayer or the mortgaging of the future.

Other People's Views

Unbalanced Canadians
Regina Leader-Post

A Miss Crang, an Edmonton alderman, visited Spain this summer and when in that country joined some kind of Government organization and on one occasion took up a rifle and fired a couple of shots at the Fascist rebels. Now she is back in Canada talking about it.

We may assume that some other Canadian in Spain might have become enamored of the Fascist cause and have taken up a rifle and fired a couple of shots at the Government troops.

Canadians of that type are a pest when they go abroad and reflect no credit on this country.

Remembrance Day Hodge Podge
Hardware and Metal

British Columbia retailers closed all day on Remembrance Day. To make sure of this the Provincial Government proclaimed it a public holiday in addition to the declaration from Ottawa. In Cobourg, Ont., the local council, through the police department, threatened to prosecute any merchant who kept his store open. In certain other municipalities, the stores closed during the entire day. But in others, even though the day was proclaimed a public holiday by municipal councils, there was apparently no compulsion, and in these cases the merchants either kept open from 11.30 o'clock on or observed two minutes' silence at the prescribed hour of 11 o'clock.

Surely there is some better method of handling the situation than this. Why cannot the Federal Government, in co-operation with the province, decide on a definite system whereby the reverence of the day will be uniformly observed? Whether it is two minutes' silence, half-day public holiday or the entire day doesn't matter so much, but undoubtedly something should be done to correct a situation that tends to such a hodge podge of policy in provinces and municipalities.

Unexaggerated Ads.
Drug Merchandising

Keen competition during recent years led to considerable exaggeration in some manufacturers' advertising copy, which in turn has reacted upon druggists. Consumers in certain instances have been led to expect too much of the product.

This subject was dealt with at a recent gathering of druggists. They deplored the use of extreme claims for drugs and cosmetics, and expressed the view that the retailer must be given more consideration by the manufacturer in planning his advertising because it is he who actually contacts the consumer. He must be able, it was said, to endorse without qualification the assurances given the public through the manufacturer's advertising. It was pointed out that when he cannot do so, his function as a successful distributor is impaired because his relations with the producer and the consumer are made less pleasant and satisfactory. It must not be lost sight of that the recommendation of a professional man such as a druggist is given more credence than would otherwise be the case, by the consumer.

Sound To The Core
Halifax Herald

Ottawa civic employees are buying $20,000 of Prince Edward Island 1947 bonds for their superannuation fund.

But what would those investors think about it if Prince Edward Island at some time in the future acted through legislation to cut in two or wipe out entirely the return from this fair and legitimate investment?

Of course, Prince Edward Island has no intention of doing any such thing. If we know that province and its people as we think we do, they will go on scrupulously honoring their obligations in the terms of their contracts.

But there are in this country today spectacles of repudiation of obligations by governing and legislative bodies; and we cite this particular type of investment to show how serious and how unjust the results of such repudiation can be.

Here is a case of civic employees investing honestly in public securities, confident of an assured return to their superannuation fund. And when they come down to the Maritimes to the smallest province in Canada to make an investment of this kind, it is a tribute to the sound methods of the Prince Edward Island people.

It means, in a word, that the public at large regard Prince Edward Island as a good safe province with which to do business.

Which is more than can be said, unfortunately, for certain other parts of this Dominion.

Regular Bacon Supplies Essential
Edmonton Journal

Bacon exports to Britain have for four years past done much to ease the difficulties through which Canadian farmers have passed because of the low prices of other agricultural products. Now that grain is yielding larger returns fears are expressed that hog-raising will decline and the bacon market that has been built up for the Dominion in the Old Country will suffer because of lack of supplies. To allow it to do so would be a serious mistake.

It is not surprising, in view of previous experiences, that so much concern is being felt over the possibility of another falling-off. Successive ministers of agriculture have emphasized the necessity of a continuity of supply from the Dominion. This has been an all-important factor in enabling Denmark, which sell about four times as much bacon to Britain as Canada, in maintaining her hold in that market. The advantages which Canadian hog-raisers derived from the preferential trade agreement of 1932 have been so great that no effort must be spared to secure their renewal when that arrangement expires next year. But it is essential that the farmers do their part by keeping up their production.

In the Mail

(Not over 200 words, please)

Suggestion

Editor, The Financial Post,

Will you suggest to the Canadian minister to the United States that a very good way for the U. S. Government to spend money on Government works, to make work for the unemployed, would be to build the proposed works for handling Chicago sewerage so as to end the Chicago water steal from the Great Lakes?

Montreal. N. C. MULES.

Canadian Cottons' Secret Reserves

Editor, The Financial Post:

May I draw your attention to the following quotations from Mr. Justice Wright in the Royal Mail Steam Packet case?

"There may be some justification for the maintenance of an undisclosed and secret reserve if the fact that there was such a reserve was clearly specified in the report, so that the shareholder could know, and if the majority of them desired to insist on its disclosure and its amount and its utilization they could do so.

"If the account on which dividends are being paid or if the account on which the current expenses of the company are being met is being fed by undisclosed reserves, it seems to me very difficult to see how the auditor can discharge his duty of giving a true and correct view of the state of the company's affairs without mentioning and drawing attention to this fact.

". . . one could not help wondering whether those who managed big companies did not forget sometimes that the body of directors of the company were the agents of the shareholders, that they owed them full information subject to proper commercial and reasonable necessities . . ."

And to the implications in the following, from Newton v. Birmingham Small Arms Co., Limited?

"If the balance sheet be so worded as to show there is an undisclosed asset, the existence of which makes the financial position better than shown, such a balance sheet will not, in my judgment, be necessarily inconsistent with the Act of Parliament."

C. A. ASHLEY.
University of Toronto.

Canada's Name Is Black

Editor, The Financial Post.

I have been interested in Canadian securities for 30 to 40 years, and have been involved in more losses in that Dominion than in all others put together. Today I foresee no improvement. Why? The answer is, I fear, dishonesty of purpose, which can be traced back to the treatment of the stockholders of the Grand Trunk Railway.

Some years ago, I could depend upon a substantial return from the Canadian Pacific Railway shares, now "wallowing" in the mud. Surely the impasse in the railway business is remediable, and the sooner it is tackled the better for Canada.

Another instance of Canadian finance is the Canadian Collieries (Dunsmuir). Present prices A stock, 55; B stock, 14; preferred shares, 3s; ordinary shares, one farthing! What can you expect with the property in Vancouver Island, the head office in Montreal, and most of the stock and shareholders in London.

As, of course, a more speculative holding, I refer to Brewers and Distillers of Vancouver, the shares chiefly held in Great Britain. London sees them down to 50 cents before the year is out.

The foregoing are merely instances of what has happened, without touching upon the grave matters concerning the failure of provinces to meet their obligations, which is doing Canada a great disservice. The way out is not apparently yet in sight.

Surely the businessmen of the Dominion must get together if they want the name of Canada to be a little cleaner. At the moment it is black! The politicians are hopeless.

Sorry to write so disparagingly, but I should like to see Canada relying more upon the Old Country, than upon Uncle Sam, who is no philanthropist.

C. A. HOATHER.
Ewel, Surrey, England.

Pre-eminent In the Lead . . . .

By HON. FRANK CARREL
(In the Quebec Chronicle-Telegraph)

The world is going
To be better off
For the mess
It is in today.
Our businessmen
Will fight for greater integrity
In their commercial lives;
Directors will be chosen
For their honest desires
To represent and protect the shareholders,
Instead of seeking only self-interests,
And our banks and corporations
Will take the public
Into their confidence
With periodical reports of progress.
Too many of our institutions
Possess a record to be proud of
And a few of the unscrupulous
should not tarnish their good names,
But the former must make these facts known
Or suffer the humiliation
Of a general public assault.
Never in the history of Canada
Was it so imperative
To boost our commercial corporations
Which are a credit to our industrial life.

Stop Me If You've Heard This One . .

He was just off on a business trip around the world and she was seeing him off.

Just before the boat left the dock she clung to him and implored:

"My dearest, will you be true to me when you are far away? Promise that you will write to me from every place you visit."

As he kissed her he asked suspiciously:

"Is it love that prompts you to say this or are you merely collecting foreign stamps?"

Week in Business

Signs of Coming Boom Seen in Great Britain

Quarterly Forecast of F. B. I. Strikes Unusually Bullish Note — Tariff Board Begins New Plan — U. S. Prospects

One of the most reliable barometers of business trend has been for many years the quarterly forecast of the Federation of British Industries. For some time now this prognosticator has been mild and cautious in its outlook, so when it starts its fourth quarter analysis with the statement that signs of a boom are beginning to appear it seems time to sit up and take notice.

Here is the story:

"The traditional signs of a boom are beginning to appear. Unemployment outside of the distressed areas has fallen to a level at which, if due allowance is made for persons moving from one job to another and other normal factors, a shortage of certain types of labor begins to appear.

"Wholesale commodity prices also have been rising and conditions are favorable to a continuation of the movement. Apart from the prospect of some slowing down in building activity, there is nothing to indicate the onset of a set-back in the near future.

"On the contrary, the chief problem in the coming months—apart from the 'special' unemployment of the distressed areas—is likely to be, how to keep in check the growth of purely speculative developments and inflationary tendencies.

"Export trade for the first time for many months is showing a tendency to expand, but it is too early to judge how far the movement is likely to go. The devaluation by the former gold bloc countries must be regarded as a disturbing feature in this respect, unless it is followed by an inflationary movement under the leadership of the U. S. A., after the presidential election."

* * *

New Plan for Tariff Board

Dec. 1 will see a new era in tariff board procedure in Canada when the first "continuing" reference on the automobile tariff schedule will be heard at Ottawa.

In view of the drastic changes made in the automobile tariff early this year it was suggested by Hon. Charles Dunning that it would be advisable for the board to follow closely the operations of the new schedule not only in relation to importations but also in relation to production of automobiles and parts thereof, prices throughout Canada, conditions of distribution, the cost of railway and other transportation and the development under economic conditions of the export market.

Accordingly, the tariff board is holding a public hearing to implement this suggestion and also to hear specifically representation from manufacturers of motor buses and bodies for motor buses and motor trucks.

* * *

More Views on U. S. Outlook

From Business Week there comes this size-up of business prospects following the Roosevelt landslide. It says:

"Business can expect, as it has in the past, a constant threat of anti-trust action, restrictive taxation, a closing circle of wage and hour regulations by one means or another, more restraint on industrial and sales management, more control of prices and markets, with a rise in overhead and operating costs to challenge its ingenuity.

"As an offset, business may expect—as it had expected, whatever the outcome of the election—a continuation of recovery on its present momentum. The president believes that governmental activities will provide a system of checks and balances to foster that recovery and broaden its scope.

"As another offset, industry may count on the benefit of more realistic thinking in its own ranks, leading to a clearer presentation of its economic problems in the highly emotional court of public opinion."

Favorable

Carloadings continue to strike out into new high ground despite low volume of grain movement particularly in the west. Every group showed an increase for the week of Nov. 7 except coke.

Newsprint production touched another high point in October.

Unfavorable

Life Insurance Sales still lag slightly behind corresponding figures for the same month last year though seasonal gain was reported over September.

Business Indicators as Compiled by The Financial Post

▲Denotes new figures this week.

	WEEKLY DATA —Latest— 1936	1935	—Cumulative Total— Jan. 1 to date 1936	1935
Transportation—				
Car loadings (Nov. 7)	▲56,860	52,218	2,139,499	2,047,163
C.N.R. gross earn. (Nov. 7)	$ ▲3,917,926	$ 3,649,225	$ 157,352,516	$ 146,604,101
C.P.R. gross earn. (Nov. 7)	$ ▲3,023,000	$ 2,857,000	$ 117,213,000	$ 108,090,000
Business Conditions—				
Weekly index D.B.S. (Nov. 7)	▲110.7	96.3	......	......
	MONTHLY DATA 1936	1935	1936	1935
Business Conditions				
Financial Post index (Sept.)	113.7	105.0	......	......
Transportation—				
C.P.R. net revenue (Sept.)	$ 3,422,884	$ 3,290,218	$ 11,827,468	$ 11,386,758
C.N.R. net revenue (Sept.)	$ 2,962,637	$ 2,291,230	$ 6,205,461	$ 6,134,560
Iron and Steel (September)—				
Pig iron production (tons)	51,892	54,360	465,785	419,064
Steel ingots and castings prod. (tons)	86,077	90,952	813,734	647,704
Automobiles (Number)—				
Passenger Car:				
Domestic sales* (Sept.)	3,120	2,593	75,806	69,844
Factory output (Sept.)	2,481	3,819	100,088	109,204
Trucks and Buses:				
Domestic sales* (Sept.)	1,431	1,436	17,720	15,580
Factory output (Sept.)	2,174	1,504	25,650	28,205
Exports (Sept.)	3,305	3,798	40,143	51,875
Construction—				
Building permits (Sept.)	$ 3,644,560	$ 3,331,915	$ 29,433,327	$ 36,680,796
Contracts awarded (Oct.)	$ 14,957,200	$ 14,925,100	$ 142,628,800	$ 147,649,300
Newsprint (tons)—				
Production (Oct.)	▲301,106	266,515	2,604,831	2,245,129
Exports, tons (Sept.)	278,368	206,911	2,130,286	1,812,786
Sugar (lb.)—				
Melting & sales§ (raw)	101,765,672	73,677,075	682,558,745	629,971,194
Manufactured§	101,692,741	74,056,391	661,109,373	624,661,003
Flour (bbls.)—				
Production (Aug.)	1,516,123	1,535,189	10,706,828	9,823,026
Wheat flour exports (Oct.)	464,013	501,442	3,966,136	3,911,821
Trade—				
Retail trade (index no. of sales) (September)	76.6	72.5	......	......
Imports (September)	$ 52,982,972	$ 44,689,463	$ 450,866,373	$ 403,036,316
Exports (September)	$ 89,582,396	$ 78,845,842	$ 692,626,389	$ 572,090,421
Wheat exports (bush.) (Oct.)	26,917,096	28,919,421	189,294,774	122,053,533
Employment, D.B.S. Index (Oct. 1)—				
All industries	110.1	106.1	......	......
Manufacturing	109.0	103.3	......	......
Electric Power Output (Sept.)—				
Total monthly m.k.h. (000's omitted)	2,041,679	1,919,213	18,522,713	16,942,004
Other Industrial Indices—				
Lumbering:				
Plank & board exports M. bd. ft. (September)	160,566	112,413	1,137,508	968,046
Boot & shoe prod., pr. (Sept.)	▲2,106,061	1,962,451	16,817,638	16,528,838
Crude petrol. imp. gal. (Sept.)	134,048,094	127,017,748	879,146,923	848,026,505
Cotton imports, lb. (Sept.)	9,262,674	5,856,786	91,796,165	82,848,832
Raw rubber imp., lb. (Sept.)	5,361,220	3,593,662	43,533,953	42,791,974
Coal imports, tons (Sept.)	1,400,529	1,427,277	9,404,443	9,525,263
Finance—				
Bank debits (Sept.)†	$ 3,133,564	$ 2,425,895	$ 25,893,227	$ 22,684,735
Bond sales (Sept.)	$ 176,935,250	$ 194,626,102	$1,009,845,746	$ 651,366,437
Life insurance sales (Oct.)	$ ▲30,092,000	$ 30,416,000	$ 302,402,000	$ 297,676,000
Automobile Financing (Sept.)—				
Used cars	$ 1,865,791	$ 1,377,752	$ 20,161,756	$ 14,672,215
New cars	$ 1,885,754	$ 1,428,316	$ 24,544,783	$ 18,785,250

*D.B.S. All-Canada figure comprising over 90% of the Canadian total. †000's omitted. §For 4 weeks to October 3.

International Power Company
LIMITED

7% First Preferred Shares
(Current dividend rate 6% per annum)

Price:
Market, Yielding about 6.48%

Information on Request

Royal Securities Corporation
Limited

244 St. James Street, Montreal — 330 Bay Street, Toronto 2

Offices throughout Canada; also in New York and London.

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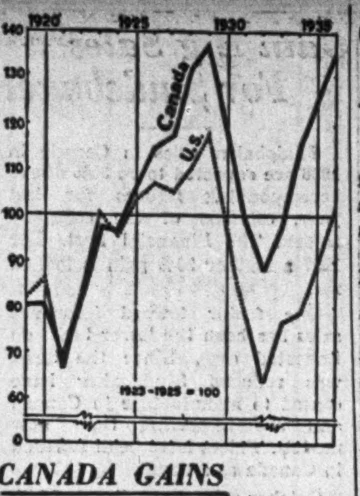

CANADA GAINS

Comparative figures of industrial production in Canada and the United States have been compiled on a common base to show the manner in which Canadian business has shown relatively greater activity in the past 10 years than has the United States.

The chart was prepared by Cleveland Trust Co.

B. C. Motor Sales Show Large Gain

More new passenger motor cars were sold in British Columbia in the first eight months of 1936 than in the whole year 1935. The sale of commercial motor vehicles in the first nine months of 1936 was only slightly short of the 1935 total.

In the first nine months of this year B. C. bought 6,410 new passenger cars and 1,762 new commercial motor vehicles, compared with 4,567 and 1,521 respectively, in the corresponding period a year ago.

Total sales by make of cars for the two nine months periods as revealed by provincial license records were as follows:

Passenger Cars — First Nine Months

	1936	1935
Auburn	8	7
Austin	237	140
Cadillac, La Salle	11	7
Chevrolet	1,317	729
Chrysler	145	92
De Soto	48	31
Dodge	628	384
Ford	1,475	1,448
Graham	41	46
Hudson	75	74
Hupmobile	12	41
Buick	175	58
Nash	193	86
Oldsmobile	241	293
Packard	93	49
Plymouth	763	476
Pontiac	189	212
Studebaker	159	93
Terraplane	331	264
Willys	137	40
All others	132	7
Totals	6,410	4,567

Commercial Vehicles

Total sale of all makes of commercial motor vehicles in the two periods was as follows:

Trucks — First Nine Months

	1936	1935
Austin	43	29
Chevrolet	423	395
Dodge	134	97
Fargo	53	....
Federal	29	24
Ford	546	582
G. M. C.	32	40
I. H. C.	277	241
Reo	14	13
White	17	14
All others	194	86
Totals	1,762	1,521

Canadian Recovery Attracts Attention of U.S. Commentator

Credit to Canada for the "old-fashioned, undramatic method of self-reliance and local initiative" in achieving industrial recovery is given by Leonard P. Ayres in his November bulletin of Cleveland Trust Co.

"The volume of industrial production in Canada," says Col. Ayers, "is going to be about as large in 1936 as it was in 1929 at the peak of prosperity.

"We, in the United States," he says, "should be asking ourselves how it is that Canadian business has been able to accomplish an almost complete recovery and to do it in the main by old-fashioned, undramatic methods of self-reliance and local initiative.

Col. Ayres compares industrial production in the two countries and finds that from 1929 to 1925 the two indices run closely together, but that in the last four years of the prosperity period, Canadian production experienced an even greater boom than the United States.

The chart shows that in the depression, Canadian production dropped 48 points while that of U.S.A. went down 55 points. In both countries the low year was 1932 and both have had four years of recovery. In that period, Canada has regained 97% of the depression losses and the United States 70%.

Background of Business

Tire Companies Make General Price Increase

New Quotations Show Gain of 7½ to 10% — Industrial Union Starts Big Membership Drive Among N. S. Steel Workers

An increase of 7½ to 10% in tire prices—the first general upward move in many years was made by tire manufacturers in Canada last week. The increase went into effect on Friday Nov. 13, which may make many people wonder if it will prove a lucky or unlucky move for a trade which has been greatly troubled in the last two years with highly competitive price and trade conditions.

The increase is fairly general and amounts to a 7½% rise for first and second line passenger tires and a 10% increase in third line tires. Truck tires are also higher.

Major point of interest is whether or not the increase will "stick." The new prices barely offset increases in raw material prices that have occurred, say the manufacturers, but rising costs do not always have the last say. It is expected independent outlets such as the big department and mail order houses, and company "brand" tires such as those sold by leading service stations are ready to go along at the higher rate.

It will be remembered that at the end of 1934, tire manufacturers through their association attempted to improve prices and competitive conditions in the industry, but the effort proved abortive, and by midsummer of 1935, Dunlop Tire withdrew from the trade body—Rubber Association of Canada. The following month (June) a cut of 12½% was made in third line tire prices, and in July the price of first and second line passenger tires was lowered by 5 to 7%. The present increase recovers, therefore, most of the ground lost at that time. Dealer discounts remain unchanged.

* * *

Steel Workers Organize

By unanimous vote the district convention of the United Mine Workers of America decided at Truro recently to proceed immediately with the organization of more than 4,000 steel workers at Sydney and Trenton into the amalgamated association of iron, steel and tin workers of North America.

This body is under the aegis of the Miners' International Committee on Industrial Organization. Organization in N. S. is to be under the leadership of International Board member, Silby Barrett.

The workers are hopeful of receiving support from the mine workers by way of a share in the $500,000 war chest of the U. M. W. international president, for organization of North American steel workers.

Speakers at the convention intimated that steel workers in these plants were the "lowest paid workers on the North American continent." Basic rate for employees was quoted at $2.80 compared with $3.40 at the mines. Since 1930, it is said that this rate has dropped from $3.60 and during the same time mechanics' wages dropped from $5.70 to $4.39.

* * *

Apple Outlook

Apples in cold storage in Canada at Nov. 1, 1936, gained 280,000 boxes over last year. Bulk of this fruit is in N. S., P. Q., Ontario and B. C.

The increase does not mean a larger yield than a year ago but an earlier accumulation of supplies and more cold storage firms reporting to Ottawa. The crop is smaller this year due largely to drought in Western Ontario and to the very severe winter of three years ago in Eastern Canada which was responsible for wholesale destruction of apple trees.

Young new commercial orchards now coming into production have partly offset this loss but it will not be fully restored for at least five years. Apple prices are generally firmer throughout Canada this fall as a result of the shorter crop and good prices and consequently large exports to Great Britain.

* * *

More Newcomers

Further gains in immigration into Canada are shown during the first six months of 1936 (fiscal year).

Despite a drop of 7% in immigrants from United States the total for all classes of immigrants is higher for the period by 6.5%.

The gain from Northern European races is 48.5% compared with last year and for races other than British U. S. and Northern European, the increase is 24.4%. Gains were shown in every month except August.

* * *

Paint Marches On

Continued increase in the consumption of paint was reported by A. G. Pinard of Lowe Brothers Co in his address as retiring president of the Paint, Oil and Varnish Club of Toronto.

"In checking our own figures" Mr Pinard is quoted in Hardware and Metal, "we discover that in gallonage we are only 9% short of our peak year 1929. This represents a 36% gain from the low point of the depression in 1933. In terms of dollars we are 82% of the peak year 1929 which is an increase of 32% from the low of 1933.

"The average price of ordinary colors and whites in 1929 was $4 per gallon. In 1933, it was $3.27 per gallon and this year $2.95. This represents a difference of $1.05 per gallon compared with 1929 and 32 cents compared with 1933. If allowances are made for the difference in prices the dollars and cents volume at the end of our fiscal year 1936 would have equalled our 1929 volume."

* * *

Boost For Canned Goods

Referring to the canned fruit and vegetable situation in Canada, the N. Y. Journal of Commerce said in a recent issue that "strict enforcement of regulations governing the grading and packing of Canadian fruits and vegetables is largely responsible for the high standard maintained and the world-wide popularity of Canadian canned fruits and vegetables."

"Canada leads this continent in the grading of canned fruits and vegetables," says Canadian Grocer. "We have our fancy, choice, standard and seconds to designate the grade of the contents, enabling the trade to buy more intelligently and to advise the consumer of the character of the products. Our canned peas are also graded as to size unless the label states otherwise. The United States has been discussing somewhat similar grades for canned foods in that country; they have sent many investigators over to Canada to study our grading system, but so far nothing definite has been done."

Commodity Markets

Advance in Rubber Features Commodities

Base Metals Continue Strength — Food Products Lower

Rubber prices were a feature of commodity markets last week, with quotations for the raw material rising to a five-year peak.

The advance is justified on statistical evidence, as world stocks have been shrinking, and a further reduction is considered probable next year. Demand has been exceptionally heavy from both American and European manufacturers. Whereas early in the year, Europe failed to maintain consumption, the recent upturn has resulted in sharp withdrawals of British surplus stocks. It is believed significant that demand from manufacturers has broadened on any small price recession.

It should be kept in mind, however, that quotas, set last month for 70% of base figures for the first half of 1937, may yet be hoisted by the governing committee in London. Observers state the committee does not want a runaway market; that about 17c. a pound is considered fair. Use of reclaimed rubber, while not extensive at the prevailing price, might rise materially if that price were to approach the 20c. mark.

* * *

Food Prices Easier

The general level of Canadian prices has now held steady about 78.8% of the 1926 figures for the last three weeks. Despite slight easiness from the high of mid-October, arising mainly in food products, prices are still more than 6% above last year's level.

The effect of lower prices for vegetables and animal commodities has been to widen the margin between farm and manufactured products. Since Oct. 16, the former have eased from 76.8, only 0.3 points under the total index, to 75.3, 1.5 under the total index. The spread is still very narrow, however, compared with the nine point difference a year ago.

Base metals continue to show unusual strength, with copper particularly prominent. October sales of copper in the United States set a new all-time record. Production has been stepped up sharply, members of the international copper agreement raising output to 105% of the standard rate. Buoyed by armament demand, copper shows no sign of varying very widely from its five-year high of 10½c. a pound.

* * *

Flurries in Price Control

Despite limited success of price control ventures in the past, governments continue to tinker with supply and demand of basic raw materials Two important commodities have been subject to such agreements in recent weeks.

Leading coffee producing countries have banded together to stabilize coffee prices in world markets. Attempted stabilization is to be preceded by efforts to raise prices through impounding available stocks.

In Japan, the Government, in cooperation with the Japan Central Raw Silk Society, will officially fix maximum and minimum limits to raw silk prices. Under the plan, surpluses will be "removed" where necessary.

Price Range

	Latest week	Previous week	Same week last yr.
Cattle	$5.85	$5.50	$6.10
Hogs	8.25	8.00	8.60
Copper, lb.	.10½	.10½	.09¼
Cotton, lb	.1218	.1235	.1230
Rubber, lb.	.1788	.1750	.1309
Sugar, raw, lb.	.0367	.0367	.0340
Silk, lb.	2.10	1.95	2.15
Wheat (Man.) bus.	1.09	1.08¾	.86½
Coffee, lb.	.08½	.08½	.06⅝
Hides	.12¾	.11¾	.11½
Weekly Indices			
N. Y. Annalist	129.2	127.9	127.9
Fishers'	85.3	84.7	85.0
N. Y. Journal of Comm.	83.1	82.5	82.2
Crumps (Brit.)	73.7	73.2	68.5
U. S. Labor	81.2	81.1	79.8
Canada (D.B.S.)	76.8	76.8	72.4

Monthly Indices

Canada (D.B.S.)	Latest month	Prev. month	Same last year
Retail (Oct.)	81.5	81.5	80.3
W'sale (Oct.)	77.1	76.4	73.1
U. S. Labor (Aug.)	81.6	80.5	80.5
Gt. Brit. (Aug.)	83.4	82.0	77.5

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1929 = 100 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto: Copper-electrolytic, New York: Silk—Japanese, 13-15, New York: Sugar—96 degrees contrifugal c/f New York: Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis: Hides—No. 1 packer light native cows, New York; Hogs — select bacons, Toronto.

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To meet the desire of our clients for current information on a well diversified list of representative Canadian stocks for investment, we have prepared a brief analysis and summary on *twenty leading companies, with comments in each case on the outlook.* To those contemplating investment or readjusting present holdings, this information will be interesting.

Pamphlet covering the entire list will be sent on request.

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Three and a half million of such citizens have banded themselves together as policyholders in the great co-operative business of Life Insurance.

Through their hard-earned savings, these policyholders have built up an insurance estate of over six billion dollars for themselves and their dependants.

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On behalf of its policyholders, and other institutions and organizations whose investments represent the hard-earned savings of thrifty citizens, Life Insurance expects that the terms upon which these bonds were sold, and these mortgages accepted, shall be observed.

Where the borrower is willing but unable to pay, a policy of adjustment should prevail. Such adjustments have been made again and again during recent years.

Legislation that cancels public and private debts, regardless of the debtor's ability to pay, is not in accordance with British tradition, which has always afforded an equal measure of justice to both creditor and debtor.

Life Insurance

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D433

Brit. Columbia Municipalities Get Assistance

Hart Stresses Maintenance of Credit of the Province

NO NEW TAXATION

Calling upon the people of British Columbia to turn a deaf ear to monetary nostrums, and to remember that only by economy and industry can prosperity be brought about, Hon. John Hart, minister of finance of British Columbia, in making his budget speech reiterated his stand for sound fiscal policies and maintenance of the financial integrity of the province.

Pointing to the economic recovery and the revival of basic industries in British Columbia since the present government took office in 1933, Mr. Hart stated that fiscal policies of the government had played an important part in this improvement.

Since 1933 there have been 1,637 new companies incorporated in British Columbia with an authorized capital of $312 millions. A large number of these new enterprises have been financed by outside capital, due, Mr. Hart said, in a great measure, to the assurance given by the government that investments were, and would continue to be, regarded as sacred trusts.

Any suggestion of repudiation, or sympathy toward those who jeopardize the credit of the province, and that of private business, has been carefully avoided. In the face of severe handicaps, created by the experimentation of financial nostrums elsewhere, the government has succeeded in preserving British Columbia's credit position intact, he stated. This has not been an easy task, because long-range views from London, New York and other financial centres have confused British Columbia's financial position with that of other sections of Western Canada.

Aid Municipalities

Announcement that the government contemplates no new taxation in 1937-38 and that it will relieve municipalities of social service costs totalling $691,000 annually from March 31, 1937, featured the budget. Municipalities are already benefitting by the cut from 33 1/3% to 20% in the proportion of unemployment relief costs chargeable to them. This should enable the municipalities to lessen the existing burden on real property.

Reports Surplus

As previously pointed out by The Financial Post, revenue in the year ended March 31, 1936, was of record proportions, amounting to $25,862,077. This compares with the previous peak year of 1929-30 when $25,498,408 was collected. Expenditures in 1935-36, exclusive of unemployment relief and sinking fund payments other than in connection with the inscribed stocks in London, were $23,242,901, leaving a surplus on ordinary account of $2,619,175. If unemployment relief expenditures are taken into account the province went behind $6.2 millions.

On the basis of revenue collections to date the government expects receipts in the year ending March 31 next will total $26.4 millions. This compares with the budget estimate of $24.3 millions. Collections in the first six months totalled $14.9 millions, compared with $12.2 millions in the same period of last year. Actual expenditures recorded in the comptroller-general's books to the end of September were $11.3 millions, but this does not include a large amount of unposted and unpaid accounts. Therefore, it has no value as an index of the trend of expenditures.

1937-38 Budget Forecast

Estimated revenue for 1937-38 is $26.4 millions and expenditures $26.3 millions. Revenue surplus is estimated at $78,746. These estimates do not make provision for unemployment relief costs or full sinking fund payments. Expenditures, it will be noted, exceed this year's estimate by $2.1 millions. This is partly accounted for by restoration of civil service salary cuts, aid to municipalities and greater provision for maintenance of highways.

Gross debt of the province at Oct. 1, 1936, is shown at $180,309,467, which is an increase of $800,699 over the figure at Nov. 1, 1935. A summary is given below:

Gross Debt
As at Oct. 1, 1936

Inscribed stock and debentures	$121,386,236
P. G. E. Rly. bonds	20,160,000
Treasury bills:	
To Dominion Government	28,595,080
To banks	6,015,906
London House mortgage	84,875
Unfinanced revenue deficits	4,067,370
	180,309,467

Debt Charges

Full provision for fixed charges in connection with the debt as at Oct. 1, 1936, involves interest payments of $7,852,592 and debt redemption provisions of $4,192,751. At this time all interest is being paid, but debt redemption provisions are made only to the extent of $585,752. Sinking funds at Oct. 1, 1936, were $9.9 millions in arrears.

The average rate of interest on the gross debt on Nov. 1, 1933, was 4.733%. The present average rate is 4.01%.

Relief Cost $53 Millions

Total unemployment relief expenditures in British Columbia from Nov. 1, 1930, to Sept. 30, 1936, amount to $53.2 millions. Of this amount, $18 millions has been contributed by the Dominion Government, $27.4 millions by the province and $7.8 millions by the municipalities.

Income Tax Problems

I am a travelling salesman using my own automobile in business. Is there any provision whereby I may deduct at least a portion of the expense arising from use of the car from my taxable income as reported to the federal government? I feel that inasmuch as this represents a definite outlay for business reasons only, some consideration is justified.

In cases such as yours, we understand the income tax department prefers to deal with each case individually. If it can be shown that you are away a certain portion of the year, using your car for business purposes, some allowance may be made. The question of commission also enters into the picture. Usually, there must be some definite relationship between use of the car and the compensation received. If this relationship can be proved, an equitable allowance is in most cases permitted by the department.

Economists Criticize Elliott-Walker Report

In reviewing the report of the Alberta bondholders' committee in the November issue of the Canadian Journal of Economics and Political Science, G. E. Britnell, lecturer in economics at the University of Saskatchewan, states that efforts of Messrs. Elliott and Walker to prove economic and fiscal capacity of the province to pay full interest rates fail to carry conviction.

Arbitrary reduction of interest rates may constitute repudiation to the bondholders who see in it an unwillingness rather than an inability to pay, but it is useless to argue, Mr. Britnell states, that an annual saving of $3.6 millions in debt charges would not provide an important or effective measure of relief. "No one in Western Canada at least," he says, "can seriously doubt that it eases the immediate pressure enormously. The rigidities in public finance caused by high interest rates and mounting indebtedness in an area characterized by a highly variable net income have thrown an increasing strain upon economic and political institutions in the Prairie provinces, and Mr. Aberhart's drastic action is significant as the revolt of a debt-ridden agrarian frontier against a burden that was rapidly becoming intolerable and as part of the fight of the farmers for a decent standard of living."

Defect of the Report

A significant defect of the report, according to Prof. Britnell, is that there is no consideration of the sharp increases in the absolute and relative burden of non-government debt during the depression. Consequently the close relationship between such fixed charges as must be met and the volume of retail trade is not recognized by the report. Mr. Britnell suggests that operating costs are the most rigid element in the structure and that living expenses are residual rather than primary charges.

It is argued further that the investigators ignored the actual relationship of western farm costs to western wheat prices. If this had been taken into account the decline in purchasing power shown would have been much more pronounced. The failure to face the full implications of low wheat prices leads the investigators to minimize the extent to which capital disinvestment has taken place since the rapid depletion of agricultural reserves in the early stages of the depression.

As regards the budget revisions of Messrs. Elliott and Walker, Mr. Britnell suggests that these are too optimistic and that the Government will have difficulty in balancing its 1936-37 budget even after the 50% reduction in interest payments and the suspension of all sinking fund payments.

Criticizes Estimates

In the same issue, D. C. McGregor, lecturer in public finance at the University of Toronto, takes issue with the net value of production and margin of income figures presented in the Elliott-Walker report. In a revised estimate he shows the margin of income in 1930 to be minus $14 millions, compared with the plus $34 millions shown by Messrs. Elliott and Walker. For 1934 he estimated the margin of income at $33 millions compared with the bondholders' estimate of $91 millions. Mr. McGregor claims his estimate of necessary expenses is made with more care and that certain deductions from Alberta's income are made to avoid double counting.

Investigators Reply

In a rejoinder, replying to the criticisms, Messrs. Elliott and Walker point out that all figures in their report were taken from the published data of the Dominion Bureau of Statistics or of the provinces. Mr. McGregor's criticisms are directed toward revision of estimates by the inclusion of data referred to in, but specifically excluded from, the report. Even so his revised estimates, the investigators point out, do not change the conclusion of the report that "the contraction of net income has been reversed and the situation calls for consideration of procedures that might aid in the restoration of values and of income. Obviously the fiscal problem can never be solved by tearing down values."

The investigators reiterate their view that the average interest of 4.9% on Alberta bonds is not an impossible burden and the arbitrary reduction of $4.50 per capita per annum, aggregating $3.6 millions, hardly appears a solution for Western difficulties. Recognizing there are difficulties and grievances they suggest that any commission functioning sympathetically and intelligently cannot fail to find those difficulties and should prescribe constructive measures which might promote public accord and social welfare now in jeopardy.

The basic question they state is not the validity of their report but rather whether creditors and debtors can help each other in achieving a unity of public opinion and an effective national policy in matters of public finance, having regard to diversity of interests involved. This aim cannot be achieved in an atmosphere of distrust and repudiation.

Barcelona Defers All Bond Interest

Barcelona Traction, Light & Power Co. has found it necessary to suspend payment of interest on all three of its bond issues owing to conditions in Spain. Trustees for the 5½%, 6% and 6½% bonds have been notified of this decision.

R. H. Merry, secretary of the company, in his explanatory letter, states:

"The board of directors refer bondholders to the statement issued . . . on Sept. 3, 1936, concerning the position of the enterprise in Spain and regret to report that conditions have become worse as the 'workers' committee' have since seized the entire control, not only of the business but also the funds and banking accounts of the operating companies in Spain.

"Under the circumstances mentioned above, the directors have decided, in order to conserve the available resources of the company, that it is necessary to suspend for the present the payment of the interest on each of the bond issues . . .

"In the meantime expenditures on current account are being reduced where the board of directors consider the same can judiciously be done."

The statement of Sept. 3 informed investors that the business had been placed under control of interventors following the outbreak of revolution in Spain and that on Aug. 28 the "workers' committee" informed the management that it had taken over complete control of the concern.

The company operates throughout the province of Cataluna in Northeastern Spain, which area has not been conquered by the rebelling Fascist forces. Present governing forces in Cataluna are described as socialist or communist. It is possible that the area may eventually become an active scene of warfare between rebelling Fascists and the socialist forces. In such case there would be a possibility of destruction of some of the company's properties, which, in latest reports, are stated to be practically undamaged.

Corticelli Reserve Drops to $237,148

Under the heading "inventory less reserve," figures showing inventory reserve of Belding-Corticelli Ltd. were placed before the Turgeon textile enquiry this week by Ernest J. Howson, auditor for the commission.

They reveal that inventory reserve of the company since 1926 changed as follows:

	$		$
1926	400,000	1931	355,005
1927	406,000	1932	295,443
1928	485,000	1933	267,836
1929	557,965	1934	241,367
1930	467,387	1935	237,148

United Steel Offers $12.50 For "A"

Offer of United Steel Corp. to purchase class A preference shares for redemption at $12.50 a share is good up to Dec. 15, 1936. Purchases will be made in the order in which the shares are received and to the extent of the funds available.

The purchases are being made from a substantial surplus of working capital, which funds, however, do not represent earnings available for dividends. It is understood there is a possibility of an underwriting in case more shares are offered than the company desires to purchase. This is considered improbable, however, because the shares have risen above the $12.50 level.

Shareholders accepting the offer to sell their class A preferred stock at $12.50 a share must assign and forward certificates to the company at 58 Pelham Avenue, Toronto.

The par value of the shares is $25 each. Dividends become cumulative three years after issue, which means that payments will become due in 1937. Last year, the company had earnings of four cents a share on the class A preferred stock, and 47 cents a share in 1934. Although improvement in earnings is being experienced, it was suggested at the last annual meeting that the company could write off larger amounts for depreciation.

Another possible source of earnings on the class A preferred of United Steel Corporation is from Standard Steel Construction Co. It may be possible by next year for Standard Steel to pay off all arrears of its preferred dividends, in which case United Steel would be in a position to draw dividends on its holdings. United Steel owns over 112,000 of the 120,000 outstanding common shares of Standard Steel Corp.

The 373,686 common shares of United Steel Corp. have been listed for trading on the Montreal Stock Exchange. Hitherto they were listed only in Toronto.

Insurance Sales Down in October

October sales of ordinary life insurance were slightly lower than for the same month last year, although there was a seasonal gain over September, according to Sales Research Bureau figures released this week. Total new paid-for business (exclusive of annuities and pension bonds) was just over the $30 millions mark compared with $30.4 millions in Sept., 1935.

All provinces showed increased sales except Manitoba, Ontario and Quebec, the decline in the latter province being most marked.

Cumulative figures for the year to date show sales have been about 2% greater than in 1935. The 1936 total has now passed the $300 millions mark.

Comparative figures follow:

ORDINARY LIFE SALES
(a) Sales by Months, 1933-1936
($ 000's omitted)

	1933	1934	1935	1936
Jan.	28,928	27,718	32,988	34,221
Feb.	28,095	29,036	28,716	30,474
March	31,768	32,564	31,416	31,664
April	30,501	33,296	28,900	30,147
May	31,916	33,134	27,423	28,977
June	34,114	32,277	32,112	32,277
July	32,165	33,951	32,155	32,573
Aug.	29,749	26,650	26,854	25,011
Sept.	27,443	26,123	26,696	26,966
Oct.	33,435	31,342	30,416	30,092
Nov.	36,061	35,863	35,158	.....
Dec.	36,967	27,691	36,550	.....

(b) Sales by Areas
($ 000's omitted)

	Oct. '36	Oct. '35	Sept. '36
Alta.	1,407	1,213	889
B. C.	2,216	2,209	1,880
Man.	1,773	1,862	1,542
N. B.	728	687	669
N. S.	1,124	1,056	1,277
Ont.	12,908	13,269	12,078
P. E. I.	201	101	108
Que.	7,829	8,594	7,096
Sask.	1,653	1,193	1,245
Nfld.	253	232	182
	30,092	30,416	26,966

Courtaulds Net Is $6 Millions Over 11 Years

$8 Million Canadian Company Entirely English Owned

Total outstanding capital of Courtaulds (Canada) Ltd. is $8 millions but with the exception of directors' qualifying shares, all stock in the company is held by the parent company in England. The company has earned $6 millions net in 11 years.

This information is revealed in exhibits filed at Ottawa, and by information disclosed from questions asked by J. C. McRuer, K.C., counsel for the Turgeon textile enquiry, during examination of Ernest J. Howson, chartered accountant of the Toronto firm of Thorne, Mulholland, Howson and McPherson and auditor for the commission.

Prior to incorporation of the Canadian company in Aug. 1928 a branch of Courtaulds of London, England, had operated in Canada since 1924, being acquired by the new company on the latter's incorporation.

$2,448,915 Goodwill

The original branch incorporation was capitalized at $6 millions, consisting of 25,000 6% non-cumulative preferred shares of $100 par and 35,000 shares of $100 par common, but of this total $2,448,915 was issued for goodwill it was revealed. In May, 1931 a further issue of $750,000 in 7,500 preferred shares was made and in Dec., 1933, a further change in capital structure altered the preferred and common to A and B stock of $100 par value each, no new capital being involved. In July, 1934, an additional 7,500 A shares worth $750,000 and 5,000 B shares worth $500,000 were issued at par. The result was to increase outstanding capital to $8 millions at the present time.

Profits of the branch company, before the 1928 incorporation were $1,704,762, and were left in the firm to the credit of Courtaulds when the new company was incorporated.

They were made up as follows:

Pre-Incorporation Profits

	$
1926	443,095
1927	939,989, less income tax of $137,344, or $802,644 net.
1928	595,349, for 8 mos., less income tax of $136,526 or $459,023 net.

Sales and Earnings

	$
Total sales, 1926 to end of 1935	34,891,028
Gross profit, before depreciation	11,756,557
Percentage of gross to sales	33.69%
Net profit before depreciation	10,561,997
Percentage of net to sales	30.27%
Depreciation	4,553,352
Net profit	6,008,645
Percentage of net to sales	17.22%

Wages $8.9 Millions

Additional charges for the period included $1,813,198 for repairs and maintenance to buildings and machinery and mill wages for the period totalled $8,924,831.

To an original investment of $3,978,197 in land, buildings and machinery, additions were made by the new incorporated company amounting to $5,702,810 so that the total cash invested in the enterprise grew to $9,601,000, against which $4,776,980 was charged in depreciation over 11 years, plus $1,813,198 in repairs.

Net profits in the same period, accruing to the Canadian company which took over the original branch, were $6,286,103, after making all allowances for repair and other charges, including income from outside investments.

Against this total, the company paid $870,300 in income taxes.

The balance at the credit of profit and loss Dec. 31, last year, was $1,028,548.

Significant details of the company's operations were revealed in figures covering the percentage earned on capital employed by the company. They were:

Percentage Earned on Capital

	%		%
1926	13.2	1931	7.0
1927	26.2	1932	6.1
1928	20.5	1933	9.6
1929	9.7	1934	13.8
1930	6.5	1935	14.2

S. E. C. Officials Work With B.B.B.

Closer co-operation among regional offices of the Securities and Exchange Commission in the U. S. and the offices of both Canadian and U. S. Better Business Bureaus will result from a meeting of representatives of both bodies in Syracuse, N. Y., last week.

McGeer Quits Mayor's Chair In Vancouver

Interest Reduction Campaign Appears to Have Been Shelved

SILENT ON PROGRESS

From Our Own Correspondent

VANCOUVER.—This city will be without Gerry McGeer in the mayor's office next year. The outspoken champion of money reform and civic crusader has decided that membership in the House of Commons is a full-time job and he plans to give all his talent and labor to that office. He will divorce himself from municipal politics just as, a year ago, he broke away from the provincial arena.

A few weeks ago it was regarded as a certainty he would seek reelection, notwithstanding a wide-open breech in the organization that ran his previous campaigns. While he was in London repaying the visit of Sir Percy Vincent and conferring with financial interests concerning Vancouver's fiscal position, his former campaign manager, C. E. Thompson, was making a bid for the mayoralty chair. This move may have helped McGeer in making up his mind to relinquish his municipal duties.

"After all, I have left a pretty fair record at the city hall to shoot at," said McGeer. "There is no reason why some of the younger men shouldn't get in and do their share. There seems to be an impression abroad that there is no limit to the number of positions I can hold, but I don't intend to fool myself."

Interest Reduction Shelved

Gerry McGeer's whole public career has been full of surprises, and there is no telling what is in his mind. It may be significant, however, that since his return to Vancouver he has said very little about his programme to reduce interest on Vancouver's bonds, which was one of the objects of his trip to London. He expressed confidence that British financial men would take a sympathetic view and that something might be done, but he is prepared to leave the details to his successor at the city hall. From now on his heart may still be in Vancouver, but his mind will be on Ottawa.

Prudential Trust Co. Makes New Appointments

From Our Own Correspondent

MONTREAL. — Prudential Trust Co., of Montreal, officially announce changes in the executive and board following the death of B. Hal Brown. Henry N. Chauvin K.C., has been elected president. Frank S. Taylor has been appointed general manager and the vacancy on the board has been filled by Hal. Macd. Brown, son of the late president.

Gain Big Sales For Studebaker

Studebaker sales in Canada in 1936 are expected to be 50% above corresponding figures for last year, officials of the company inform The Financial Post. For 1937 a further 50% gain is looked for.

One factor toward improved sales has been the lower tariff on imported cars. Since the tariff was reduced Studebaker have ceased to manufacture in Canada and are importing their new models. Prices have been lowered in Canada as a result.

October sales, according to M. S. Brooks, vice-president and general manager, Studebaker Corp. of Canada, were the largest of any corresponding month in the company's history. Sales were also higher than in any single month since April, 1934. In Toronto, the major automotive market in Canada, Studebaker sales amounted to 9% of all cars registered during the month.

Matapedia Valley Light Will Surrender Charter

From Our Own Correspondent

MONTREAL. — Matapedia Valley Light and Power Co. has applied to the Secretary of State for leave to surrender its charter.

Obituary

Harry W. Fobin, joint manager of the routine efficiency department, Bank of Montreal. He died in Montreal aged 47.

* * *

John L. Smith, former superintendent of rolling mills at the Hamilton, Ont. works of the Steel Company of Canada. He died in Hamilton at the age of 68.

* * *

W. R. Burge, formerly district manager of Canadian-Allis Chalmers, for Ontario. He died in Toronto, aged 56.

* * *

Thomas J. Flynn, first producer of a gold mine in Porcupine, manager of the Vipond in 1911, incorporator of the first McIntyre company and latterly prominent in development of the Kirkland Lake gold area. He died in Toronto, aged 80.

* * *

Harry Balm, 71, retired vice-president and general manager of Kilgour's Ltd., Toronto paper manufacturers, at his winter home in St. Petersburg, Florida. He was a former president of the Toronto Board of Trade.

* * *

Mark Workman, prominent Jewish philanthropist and businessman, died in Montreal. He headed the firm of Mark Workman, clothing manufacturers.

* * *

George Murray, well-known metallurgist and chief engineer of Consolidated Mining & Smelting Co., at Trail, B.C. He was 46.

* * *

John W. Y. Smith, founder and president of Reed Company Ltd., wholesale merchandising firm of Moncton, New Brunswick, at his home at Shediac Cape. He was 67.

* * *

Stanley L. Emerson, president of Emerson & Fisher Ltd., and prominent leader in Saint John, N.B., business circles, in Montreal. He was born in Saint John in 1878.

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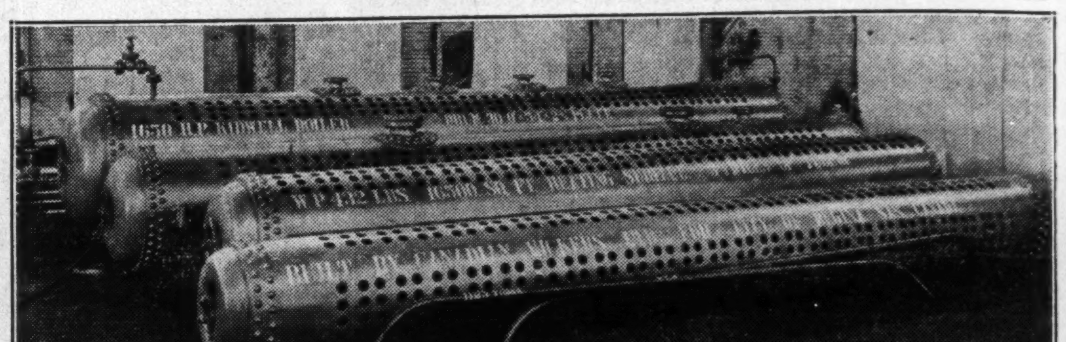

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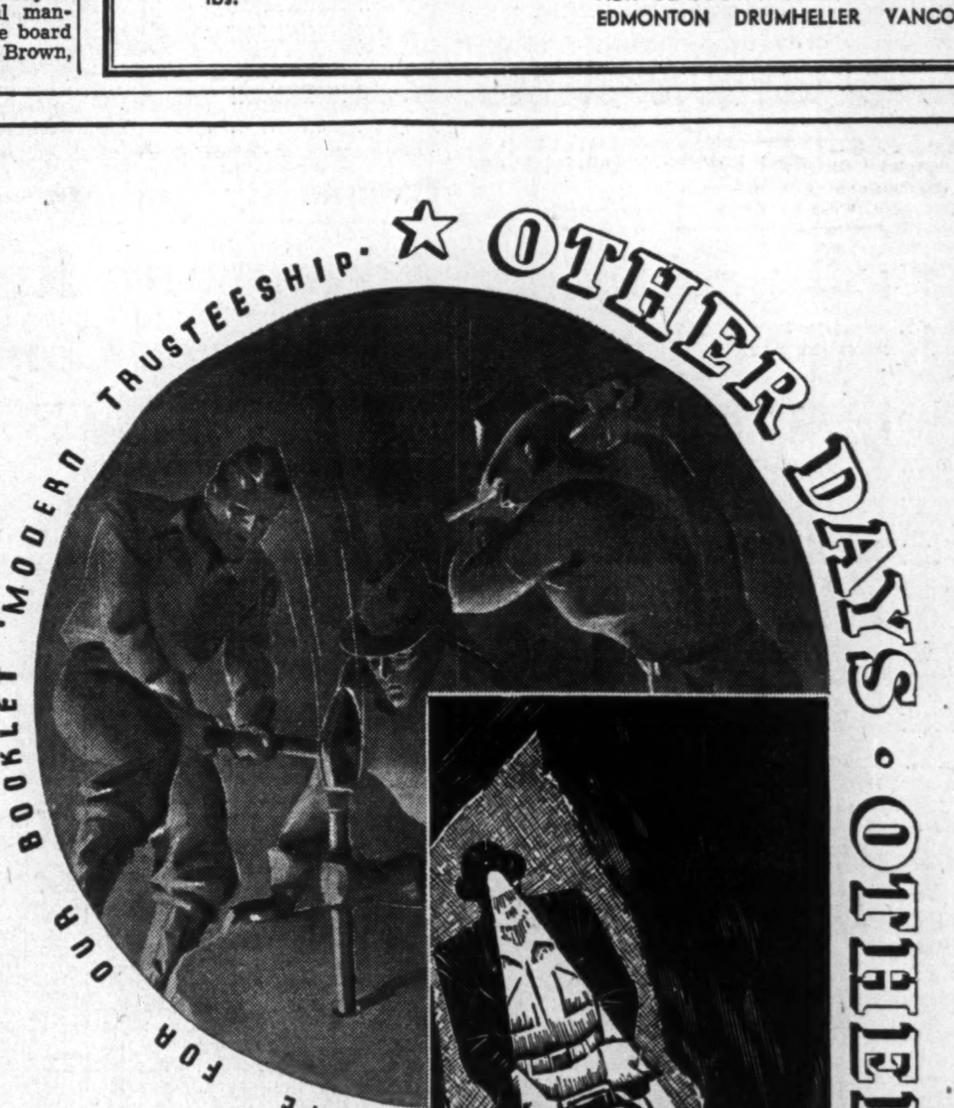

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2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
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Southern Canada

I notice the yield on Southern Canada Power common stock is around 6%. This appears to be very satisfactory in view of the rates prevailing, and I wonder if there is any particular reason for this.

The high yield on Southern Canada Power common stock is due to the fact that earnings of the company have been rather restricted for the past two years. Last year, earnings per share amounted to 75 cents, as against dividends of 80 cents a share. The interim report for the 11 months ended Aug. 31 last show a decrease in net operating profit of 1.14%, which would indicate that share earnings will not show any material change for the year ended Sept. 30, 1936. An analysis of operating revenues in recent years shows that there has not been any material change, but miscellaneous revenue has declined by more than 50% since 1929. This latter revenue represents income from investments. At the end of Sept., 1935, the company had invested $2.5 millions, of which the market value was just under $1.9 million. It is difficult to say what the prospects are for an increase in revenue from investments, as the company does not publish any particulars in regard to its investment portfolio.

National Steel Car

Please let us have a report on the outlook for National Steel Car.

National Steel Car reported net earnings of $368,982 in the year ended June 30, 1936, in contrast with a loss of $203,294 in the previous year. This was the best showing made since 1931. While the company's finances are in a sound position, it is not likely that any action will be taken by the directors on dividends until the company has a greater volume of business on its books. Prospects are encouraging, but these prospects have yet to be translated into orders.

Fanny Farmer

I hold Fanny Farmer. I would appreciate your comment on earnings and dividend possibilities.

Fanny Farmer has a very strong liquid position and has shown excellent advances in sales and earnings. Extra dividends seem likely to continue.

Sherwin Williams

Please let me have your views on Sherwin-Williams Co. of Canada.

Sherwin-Williams Co. of Canada is reported to be doing a larger business this year than in 1935. Further the prospects for the company, in view of the renovation and improvement campaign financially supported by the Dominion Government, are regarded as the best in years. Revenue has shown a steady rise in the last four years and expectations are that the report for the year ended Aug 31, 1936, will show the preferred dividend earned by a comfortable margin. There are still some arrears of dividends on the preferred stock, but with a continued revival in business, it would not take the company long to liquidate this liability.

United Corp.

I hold 25 shares of common stock of United Corporations and would like to have your comments on this issue.

Both the financial position and revenue of United Corporations have undergone a steady improvement. Arrears of dividends on the class A stock have been reduced to less than $3.60 a share. Last year the company reported a valuation of its investments at $8.2 millions as compared with $7 millions at the close of 1934. Net profit, after bond interest for 1935 amounted to $69,753, equivalent to $1.09 earned on the class A stock as against two cents a share in 1934. The book equity back of the A shares at the end of 1935 totalled $72.07, which represents a marked improvement compared with the $1.86 reported in 1932 when the reorganization was carried out.

Great Lakes Paper

Please give me an outline of the Great Lakes Paper Co. position. It seems to me that the bonds are under-priced at 83 and I would like some facts and earnings figures.

Great Lakes Paper Co. has been in receivership since 1931, and was only finally reorganized and placed under a board of directors this year. Consequently, earnings statements do not mean much in relation to the company's outlook. Under the receivership, when the mill was operating at only partial capacity, and at the lowest prices on record for newsprint, there were practically no earnings of major account.

The picture has changed completely this year. The company now has contracts which are keeping the mill running at capacity, and the slight rise in the price of newsprint for 1936 and also for 1937 will contribute materially to increasing revenues. The company has reduced its costs, and recently made a saving of $60,000 annually in its power charges. On a production of 100,000 tons, revenues will rise $150,000 next year. The company also has plans for making capital expenditures to reduce costs further. All told, there is a prospect of substantial earnings in 1937.

It must also be remembered, however, that there has been a severe strain on the company's liquid resources. In paying the bond coupon on the new issue last August, the company had to borrow the necessary $150,000. Also, this year, the company had to pay some $443,000 of expenses of one kind and another in connection with the reorganization. These two items alone cut working capital severely. But the coupon due Oct. 1, 1936, was not paid, and it would not be surprising if directors decided not to pay the coupon due April 1, 1937, so as to improve the liquid position. This picture will probably be clarified considerably when the first annual report appears for the reorganized company. Provided newsprint activity continues at least as satisfactory as at present, the company appears able to earn interest on the present bonds.

Detroit Bridge

Please give me prices on Detroit International Bridge bonds. How is the bridge doing and what is the value of shares in the company?

First mortgage bonds of Detroit International Bridge are quoted around 10 cents on the dollar and the 7% debentures around 4. Traffic has increased this year, but the company has had successive operating deficits and has a deficiency in working capital account. The shares are not quoted and are practically worthless.

Abitibi Common

What do you think of a speculation in Abitibi common stock?

Abitibi Power & Paper Co. common shares are a long way from any earnings. So far, earnings are insufficient to meet depreciation and depletion allowances or bond interest. And it is just so much farther from any indication of earnings on the preferred. Consequently, the common is out in the cold at present as far as earnings are concerned.

Of course, with improvement in the price of newsprint and high rate of operations, the company's earnings are increasing. Even under these circumstances, it will be a long while before the common can expect to get anything. Finally, if a reorganization is brought forward for the company, it is possible the common shares might be wiped out entirely, or, at best, greatly reduced. If you wish to speculate in newsprint securities, you could buy depreciated first mortgage bonds and preferred shares, and still enjoy many of the speculative features of common shares.

C. S. L.

I hold a number of Canada Steamship preferred shares. What is the position of this stock?

Canada Steamship Lines has brought out a plan of capital reorganization, under which the holders of the present 6% preference shares are to receive 185,625 shares. As there are 150,000 preference shares outstanding, this means that for each share of the old stock, the holder will receive slightly more than one share of new common. The plan provides for elimination of the first mortgage bonds and a sharp reduction in interest charges on the remaining debt. It is believed that on the new basis the company will be able to carry on without difficulty and if business picks up there should be income available for distribution on the new common.

Canadian Cottons

I would like to invest in some dividend-paying stock and am considering Canadian Cottons, on which I would like a report.

Canadian Cottons is one of the three principal cotton textile manufacturers in Canada. Financially the company occupies a strong position, but earnings as reported have not been altogether favorable in recent years. The Textile Enquiry Commission brought out evidence the company had large hidden reserves and that the Dominion Government was seeking a large amount in income taxes on profits made in previous years. As a consequence public relations have been affected; a factor which may have an adverse influence on the position of company's securities.

Eastern Dairies

Have you any current information on Eastern Dairies Ltd., on which I hold some preferred stock?

Our information is that conditions in the industry have not been particularly favorable this year, but earnings of Eastern Dairies for 1936 fiscal year will be sufficient to cover bond interest and depreciation. There is not likely to be any income available for the preferred or common stock. Outlook for the company continues rather indefinite, as operations are handicapped by Government regulations, competition, etc.

Inter. P. and P.

Will you please let me have your views on the investment merits of International Paper and Power Co. preferred stock?

International Paper and Power Co. has recorded considerable improvement in its position over the last 16 months, and expectations are that the report for 1936 will show earnings available on this stock. Arrears of dividends are heavy. There is a possibility that something will be done to distribute surplus profits as under the new U. S. tax act on undistributed surplus, the company may find it advisable to distribute this surplus rather than pay taxes on it. In view of this, together with the improvement in the pulp and paper situation, the outlook for the preferred stock appears to be more encouraging, though still somewhat speculative.

National Breweries

It strikes me that National Breweries common stock would be an interesting buy. Have they paid dividends on the common stock regularly?

National Breweries enjoys the major share of the Quebec brewery business and, in addition, is well represented in Ontario, western Canada and in export markets. Its record of earnings and dividend payments over a period of many years has been favorable. There has been some weakness in the stock of late, based upon reports of lower earnings, but expectations are that the statement for 1936 will show the common dividend amply covered.

Canadian Car

As a subscriber of The Financial Post I would like to have a report on Canadian Car & Foundry. What are the prospects for this company?

Canadian Car & Foundry Co. earnings have been at a low level for some time, but the statement for this past year is expected to show an improvement owing to business secured from the railways last year. Another favorable point is the likelihood of a settlement of the company's war claim for the alleged destruction of its Kingsland plant by German agents. Also the company is in an excellent position to take advantage of any armament orders placed in Canada by the British Government, and considerable hopes are held out along these lines. While prospects are favorable, still the volume of business on the books is limited, and it is not likely that dividends will be resumed until the war claim is settled, or the company receives munitions orders or additional business from the railways.

Canada Cement

I would be glad to learn your opinion of the future of Canada Cement, in which company I hold 40 shares.

Canada Cement Co.'s earnings in recent years have been sufficient to provide for depreciation and interest on the bonds. There has been little available on the preferred stock, which is now substantially in arrears of dividends. There has been talk at different times of some plan being brought forward to liquidate these arrears. Outlook is favorable and with only a moderate increase in the demand for cement, it would be possible for the company to re-establish the earning power on the preferred stock. The preferred is regarded with some favor, though it is difficult at this time to forecast just when dividends will be resumed on the stock.

Dosco

Will you be good enough to let us have some idea of what Dominion Steel & Coal Co. is likely to show in the way of earnings for 1936?

Dominion Steel and Coal earnings for 1936 will be on much the same basis as a year ago, when there was a net revenue of about $350,000 available for interest charges. This compared with a revenue of $60,903 in 1934. There does not appear to be any immediate prospects for dividends on the class B stock, but further recovery in business might allow the company to show earnings on these shares.

Canadian Converters

Please let me have your views on Canadian Converters stock? The yield looks rather attractive on the present dividend basis of $2 a share.

Canadian Converters' position has not undergone any marked change for the better. In six of the last seven years, net income, after depreciation, has not been sufficient to cover the dividend. This has resulted in a decline in the surplus account from $639,163 in 1930 to $500,345 in 1936. Financially the company occupies a favorable position, with net working capital amounting to $614,411 at the end of last April.

Canadian Vickers

Will you please let me have an expression of opinion on Canadian Vickers common stock?

Canadian Vickers' financial statement for the year ended Feb. 28, 1937, is expected to show an improvement in operating revenue. From 1930 to 1936 the company was able to show a profit in one year only, namely 1931. The loss reached a maximum in 1933 when it totalled $384,533. Since then there has been a steady decline, amounting to $147,143 in 1936. Bond interest has been paid regularly by the company, but sinking fund payments are in arrears since 1932. Dividends on the preferred stock have not been paid since Nov. 1, 1929, and the arrears amounted to $43.75 a share at the end of the last fiscal year. Although working capital is shown at $580,867 only $17,487 is cash, and current assets of $793,899 include an amount of $270,000 due from subscribers to capital stock, which has been outstanding since 1929. One of the favorable features of this company is the subsidy of $105,000 a year received from the Dominion Government, and assigned as additional security for bondholders. This payment will continue until 1948 and is equivalent to approximately 4% interest on outstanding bonds. Outlook for Canadian Vickers has undergone an improvement of late. There is the prospect of additional domestic business, while it is expected that if the British Government places any armament orders in Canada, Canadian Vickers will secure its share.

Canadian Celanese

Please let me have a brief report on Canadian Celanese, which I note is selling around 27.

Canadian Celanese Corp. has recorded increasing earnings. Obligations in connection with interest on the income funding rights and dividend on the preferred stock are being met with little trouble, while surplus income has enabled the company to place the common stock on a dividend basis. Current reports are that plant operations are at capacity and while selling prices are likely to be lower this year, net income should compare favorably with that reported a year ago.

Montreal Tramways

Will you be kind enough to let me have your views on the common stock of Montreal Tramways Co.?

Montreal Tramways Co. continues to pay a dividend which, at the current market price of the stock, returns a high yield. This company's revenue is largely derived from the Montreal Tramways Commission under terms of a contract entered into between the company and the city in 1918. Revenues of the commission in the last two or three years have not been sufficient to cover all charges, including payments owing to the company and an annual rental of $500,000 to the city. There has been an agitation in the Montreal city council for a revision of the company's contract. This has caused some uneasiness over the ability of the company to maintain dividends on its common stock, which is the reason why the latter is selling on such a relatively high yield basis.

Newsprint Stocks Face Uncertainty of Trend

Some of the Securities Overvalued, But in Few Years Current Prices May Seem Low

As a subscriber to your paper I will be much interested to have your opinion on the prospects of appreciation over a period of say, 12 months, for the leading newsprint common stock. I see that the value of Price Bros. and Abitibi common has quadrupled in a very short time. Do you think that the rise has been overdone?

Do you think that these two companies could get on their feet again in course of time without going through a reorganization, providing the improved demand for newsprint is maintained.

I was told that about two months ago a large British newspaper publisher thought that a price of $50 per ton at the mill should be obtainable within two years, on the basis of Canada being the only large potential source of world supply and having little to fear from other countries increasing their output. Might I have your own ideas on this question?

Over the last 20 months, the position of the Canadian newsprint industry has undergone a change for the better. Demand has increased to the point where production is now at a greater level than ever before in the history of the industry. The price of newsprint has risen from $40 to $42.50 a ton in the American market, while even larger advances have been made in South American, Australasian and other overseas markets.

Despite this improvement, the position of the industry, from the point of view of earnings, is still far from satisfactory. The tonnage is fairly well distributed, though such companies as Consolidated Paper and Abitibi are still on the short side. Prospects are demand will be maintained and that for 1938 there will be a further increase in the price of newsprint, in which event the position of the operators, financially, will be much stronger.

Price Bros. Relative

The rapid advance in the value of newsprint bonds and stocks of late reflects public appreciation of the change which has taken place in the industry. Possibly some of the securities are overvalued. However, it is quite possible that in a period of two or three years the current prices may seem low.

In the case of Abitibi and Price Bros., it is believed in many quarters that if there is no set-back these companies in time should be able to work out their own salvation. However, there is a desire to reorganize them on a sound financial footing, and the expectation is a reorganization will be carried out.

What sort of a deal could the common stockholders anticipate should the capital of Price Bros. or Abitibi be written down? This, of course, is a very difficult question to ask as the equity which the common stockholders would receive under the new deal would depend very largely upon many circumstances of which we have no information. We might say that as a result of the improvement in the position of both companies, the common stockholders certainly can expect to receive a larger equity than would have been the case a year or two ago.

Fair Price Involved Question

Lord Rothermere recently came to this country and gave as his opinion that the price of newsprint should be selling at $50 a ton f.o.b. mill. There are many who will agree with him that the price of newsprint should be at a higher level, but there are very few practical men in the industry who favor a price of $50 a ton net at the mill.

Newsprint at that level would be an inducement for the development of other newsprint areas, such as the southern United States, Alaska and Scandinavia. One point which a great many people do not seem to realize is that Canada has not got a monopoly on newsprint. Newsprint is an international commodity and is subject to competition from all sides. While she has a dominating position in the export market, still there is no control of the market as evidenced by the fact that imports of Scandinavian paper into the United States set the spot price for newsprint in that market.

The majority, in fact practically all of the leaders in the Canadian industry, hold the belief that the price of newsprint should be established at a level which would permit a reasonable profit, and, at the same time, discouraging development of other sources of newsprint. This level they place around $48 a ton delivered, or, in other words, about $42 at the mill. As you will see this is considerably less than the price advocated by Lord Rothermere.

The industry is rapidly approaching a sellers' market. Before long the price of newsprint will be adjusted to give the producer a reasonable return on capital invested. There is no reason why under certain conditions newsprint should not sell at the level advocated by Lord Rothermere, but the important thing is for the Canadian industry to keep the price low enough to permit it to hold its position in the world market. If that is done, newsprint manufacture will be a profitable field for capital for many years to come.

Oka Sand Sales Record Increase

From Our Own Correspondent

MONTREAL. — Consolidated Oka Sand and Gravel sales for the year to date have been from 20 to 25% ahead of those for the corresponding period of last year, despite a decline in the value of building permits. It is too early to say whether or not operations for 1936 will be on a profitable basis, but present indications are that the loss reported in 1935 will be materially reduced.

There is no material change in the corporate position of the company. Bond interest due November 1, 1932, was defaulted, and at the end of 1935 accruals totalled nearly $160,000. While the company is making progress toward re-establishing its earning power, there is no early prospect of any distribution to bondholders.

Pitfield Joins Board of United Amusement

From Our Own Correspondent

MONTREAL.—W. C. Pitfield, of Montreal, has been elected a director of United Amusement Corp. Mr. Pitfield is also on the board of a number of other corporations, including Ottawa Light, Heat and Power Co., Anglo Canadian Telephone and Rolland Paper Co.

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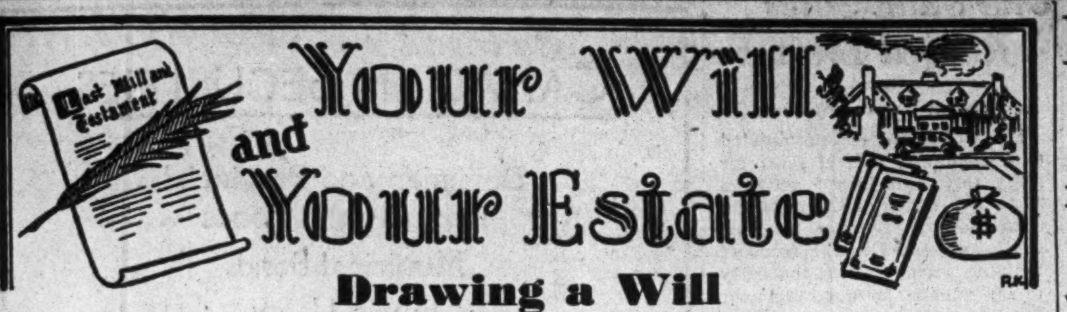

Your Will and Your Estate

Drawing a Will

The essential quality of a will is it. legality. It must not only state clearly and explicitly the intentions of the maker in disposing of his estate and naming his heirs, but it must do so in terms and form recognized as legally valid by Canadian law.

If for no other reason, the man or woman unversed in law should, as a first step in drawing a will, seek the advice of a lawyer. Equally important as a preliminary to the actual drawing of a will is an analysis of the estate itself, the character of its assets and the plan of its disposal after death.

For the latter purposes, all large Canadian trust companies maintain expert estate analytical staffs whose task is to analyze an estate in detail and draft a plan conforming to the wishes of the testator for its disposal among dependents and other heirs. The fact that no single will can be made to conform to all circumstances; that there is no such thing as a "model will," demands that every will be considered on its individual merits in conformity with the law and the wishes of the testator.

Legality, however, is the first consideration and it is only too easy to destroy the legality of the document unless the pitfalls besetting "amateur" will makers are known.

No will can, for example, offend against the public good or contain provisions contrary to public honesty or morals. A will may be eccentric, as evidenced by the "Millar Will" in Ontario and its accompanying "stork derby," but the late Charles Vance Millar himselt was a lawyer. Eccentric wills drawn by men with no legal training are likely to prove the source of expensive litigation, or may be set aside as invalid by the courts.

A Widow's Rights

There are other restrictions to which every valid will must conform. A will cannot tie up property for longer than the "lives in being" at the death of the testator and 21 years afterward, except for charitable purposes. It cannot provide for accumulation of income for more than 21 years after the testator's death, nor can it deprive a widow of her dower rights although it may compel her to choose between her dower rights and the provisions of the will.

The will made in anger may likewise prove a boomerang, for instead of the proverbia' right of a man to cut his wife or children off "with a penny," the law says adequate provision must first be made for wife and children if they have no independent means of their own.

The unmarried man or woman who makes a will also faces a little known risk of invalidation of the document by the simple process of subsequently getting married. The act of marriage automatically voids the will, but few unmarried persons who fail to consult a lawyer are aware they can still draw a will in a manner to provide that it continues to be valid in the event of subsequent marriage.

A will may conform to all legal requirements and yet fail to carry out the intentions of the testator, because what was clearly in the mind of the testator may prove to be ambiguous or incapable of interpretation after his death.

Obscure Bequests

A typical example was the case before an Ontario court in which two bequests were involved; one a $1,500 legacy to "the consumptive sanatorium, Granveville, B.C.," and the other, of $1,500 to "the memorial Lospital, London, Ont."

The court noted there was no such place as "Granveville, B.C." and ruled that the money was to be paid to the province of British Columbia for the benefit of the Tranquille sanatorium, a provincial institution and the only hospital for treatment of tuberculosis in the province.

The other legacy, it was held, should go to the War Memorial Children's Hospital of western Ontario, in London, Ont., with which, the court found, the testator had been acquainted. Interpretation of the will was made necessary by the fact that in London, Ont., there are the War Memorial Hospital, the Beck Memorial Endowment and the Queen Alexandria sanatorium.

Hundreds of other instances could be cited in which the testator has died in the comfortable thought that his estate would be administered and distributed in a specific manner, unaware that by the illegal or ambiguous provisions of the will it was rendered invalid.

One of the most effective methods yet devised as a preliminary step in drawing a will is the modern method of estate analysis. By this means the maker of a will knows in detail the character and value of his estate and the manner in which it can be left to his heirs in their best interests.

As a starting point disposition is planned of personal effects of household or domestic use, the automobile, and whether these are to go to the widow or children or to be sold and the proceeds added to the residue of the estate. In the case of the home, it may be willed absolutely to the widow, or with provision that it may be sold or exchanged for another dwelling, or sold and the proceeds added to the estate.

A family business is another important asset in many estates.

How should it be willed?

Life insurance must be considered as to whether it shall be paid directly to beneficiaries or be included in the estate and administered as part of the latter. Stated money bequests may be desirable, and a vital point to be decided in l'anning a will is whether power is to be given to encroach on capital of the estate under special circumstances.

To Determine The Value

By listing assets of the estate including life insurance, real estate at estimated value (without deducting mortgages), bonds, stocks, and mortgages held, interest in a business venture, cash, notes receivable and other assets the gross value of an estate is determined. Amounts are then totalled for outstanding loans on insurance policies, mortgages on real estate, notes payable including unpaid balances against automobiles, real estate and securities and other debts, and the two totals noted.

A third compilation is made of estimated "eventual" liabilities which include any final debt settlements, succession duties, estimated expenses of estate administration, unpaid income tax and legal and funeral expenses.

By adding the second and third totals and deducting the sum of these items from gross value of the estate, the net value of the estate is determined. A further process of deducting non-revenue producing assets including personal property, unimproved real estate, etc., from the net value, will give the net value of the estate capable of producing revenue for dependents.

Trust companies which have adopted this method of arriving at the value of an estate from which it is intended that an income shall derive, adopt a percentage figure of probable income from revenue producing assets. One trust company takes the view that under existing conditions it is unwise to assume a higher rate of income than 4% average per year. By taking this percentage of the net assets capable of producing revenue, the estimated annual income for dependents is reached.

Requirements of Family

As a final step in the modern system of analyzing the estate and planning future income, the estimated income requirements of dependents are tabulated. These include food, clothing, shelter, education, medical services, travel expenses, church and charitable expenses, with the result that there is either a surplus or a deficit in the total compared with 4% of estimated annual family income.

If, as often happens, there is a deficit, and additional capital is required to meet income requirements, a further formula has been established. By this means if there is a deficit in required income, the capital (insurance or other assets) required to yield the additional income needed, is estimated at 25 times the annual deficit.

Encroaching On Capital

Power of encroachment on capital should be authorized only after careful consideration of individual circumstances, avoiding possible hardship to dependents on one hand and possible dissipation of the estate's earning power on the other. Here again, the need of consultation with legal or trust company experts is essential.

Once encroachment powers are decided upon as a part of the will it remains to be determined whether this is to be at discretion of the trustees whenever necessary for the welfare of wife and dependents or whether it is to be done only under specified emergencies. Children must also be considered in this phase of making a will, particularly if they are below the age of self-support.

Establishment of a son in business, settlement on daughters or payment of specific sums to dependents on reaching stated ages all enter into the question of disposing of the income and residue of the estate. In the event of death among dependents who are heirs to income only from the estate, further provisions are needed to determine whether their shares shall revert to the estate if death occurs before they receive their principal amounts, whether the children of the deceased will receive the parent's share, or whether the share reverts to the other heirs in proportion to their interests in the estate.

Decide on Individual Merits

None of these problems can be solved in a formula applicable to all estates. They must be solved by consideration of each individual's needs and the nature of the estate itself.

For the man or woman unversed in the law of wills the solution lies in obtaining expert advice before attempting to draw a will—and then allowing the expert to draw it. The fee is a small item compared with the expense, delay and legal complications which may otherwise result.

Administration of an estate can likewise prove costly if less consideration is given to this phase of your will and your estate than to the actual drawing of the will itself. The assets of an estate and their administration will be discussed in forthcoming articles.

Plan Your Will

As You Would Plan Your House

When building your house you employ an Architect to put your ideas in the form of plans for the guidance of the builder, and the Architect supervises the construction.

It is equally important, when you are making a Will, to seek expert advice and to appoint an experienced and reliable Executor to carry out your wishes.

We do not draw Wills, but our officers are always ready to advise those intending to appoint us Executor, and to give the benefit of our long and diverse experience in Estate management.

Our booklets on Wills will be sent if you will ask or write for them, and will be found very helpful in planning or revising your Will.

"Some Remarks on Wills", "A Woman and Her Will", "Practical Hints on Making Your Will"

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Brandram-Henderson Affairs Grow Involved

Many Matters Unexplained in Dispute Over Policy

WHO WANTS PROPERTY

From Our Own Correspondent

MONTREAL.—Is there a nigger in the Brandram-Henderson Co. woodpile? Peter Jack, president of the company, recommends on behalf of the directors, sale of the company at a price which will not permit of payment of 100 cents on the dollar to the bondholders. Norman Holland, managing director of the company, asks bond and shareholders to sell him a controlling interest in the capital stock so that the company may continue to carry on under its own identity.

On November 4 the directors issued a statement saying their attention had been called to activity in offers to purchase shares. "In view of this," the statement goes on to say, "the directors consider the shareholders should know that during the past week there have been some developments which would indicate that it is quite possible an offer may be received from responsible sources for the assets of the company."

Holland Enters Picture

Five days later Norman Holland sent a letter to the bond and shareholders saying that he had submitted a proposal to his fellow directors, but instead of accepting it, "they have passed a resolution authorizing the president to negotiate for an offer to sell the entire assets of the company on the basis of $650,000. The company has no such definite offer before it as yet."

He then goes on to point out that acceptance of such an offer would mean a distribution of only 77 cents a share on the dollar to the bondholder, who has a claim against all assets, leaving nothing for the shareholders. Mr. Holland thereupon says he cannot recommend selling out the assets of the company and offers to pay the shareholders $10 a share for half of their old preferred and $2 a share for half of their old common. He also offers the bondholders $2 a share for all the common stock they receive under the reorganization plan carried out earlier in the year.

Peter Jack followed this up with another statement to the effect that the board is prepared to recommend to shareholders and bondholders acceptance of an offer for purchase of the undertaking of the company as a going concern, free from the encumbrance of the bond issue, "for the sum of not less than $625,000."

Just Been Reorganized

Brandram-Henderson was incorporated in 1906. While its head office is in Montreal, it is regarded as a Maritime enterprise. It has long since established a prominent position in the Canadian paint and varnish industry. All obligations were met promptly until 1930. From then on unsatisfactory operations resulted in arrears of interest, sinking fund and preferred dividends.

Last spring a reorganization was carried out. The first mortgage bonds were retired through the sale of certain assets. The consolidated mortgage bonds were replaced with an equal amount of income bonds and a distribution of 15 shares of new common for each $1,000 bond. Each old preferred share was exchanged for five new common shares, while the old common was exchanged for new common on a share for share basis.

No Danger of Default

Operations and earnings have shown a steady but moderate improvement in the last two years. Net income is still insufficient to cover interest but as the new bonds are on an income basis until 1946, while interest payable from 1937 to 1941 inclusive is non-cumulative, there is no danger of default.

The proposed sale of the assets and the difference of opinion between the board and the managing director have resulted in considerable uncertainty among the bondholders (who own common shares) and holders of the old preferred and common shares as to what is going on behind the scenes.

Points in Doubt

Some of the questions asked, but unanswered, follow:

As the company is in no danger of going into liquidation, why should the assets be sold?

Does the board expect shareholders to approve the sale of assets, when by doing so they will not receive anything for their equity in the property?

If earnings are improving, and the financial position of the company strengthening, why sell the assets at a discount?

Who are the interests the board mentions as being willing to make an offer for the property?

The feeling is that all the cards have not been put on the table. Shareholders find it confusing to understand why the board should be willing to sell, when the managing director thinks that the bond and shareholders would be better off by not selling and is willing to back up his judgment by investing some $50,000 in the old preferred and common shares, which today are not represented by any assets.

To Bondholders and Debentureholders of

Lake St. John Power & Paper Co. Limited

Your Committees unanimously recommend acceptance of the Scheme for Reorganization, details of which have been sent to all Bondholders and Debentureholders of record.

Large representations are required to obtain a quorum at each of the forthcoming Bondholders' and Debentureholders' Meetings. It is therefore essential that Bond and Debenture Holders either be present at the respective Meetings in the King Edward Hotel, Toronto, at 11 a.m. on November 26, 1936, *or be represented by proxy.*

Complete information and the forms for the deposit of Bonds and Debentures for use at the Meeting and proxy forms are available at any of the offices of National Trust Company, Limited, or at the offices of the Secretaries of the Committees.

If you have not deposited your Bonds or Debentures, and obtained a Voting Certificate, you are requested to do so as soon as possible. If you cannot be present at the Meetings in person you are urged to execute a proxy and forward it to the National Trust Company, Limited, Toronto.

D. H. McDOUGALL, *Chairman,* Bondholders' Committee.

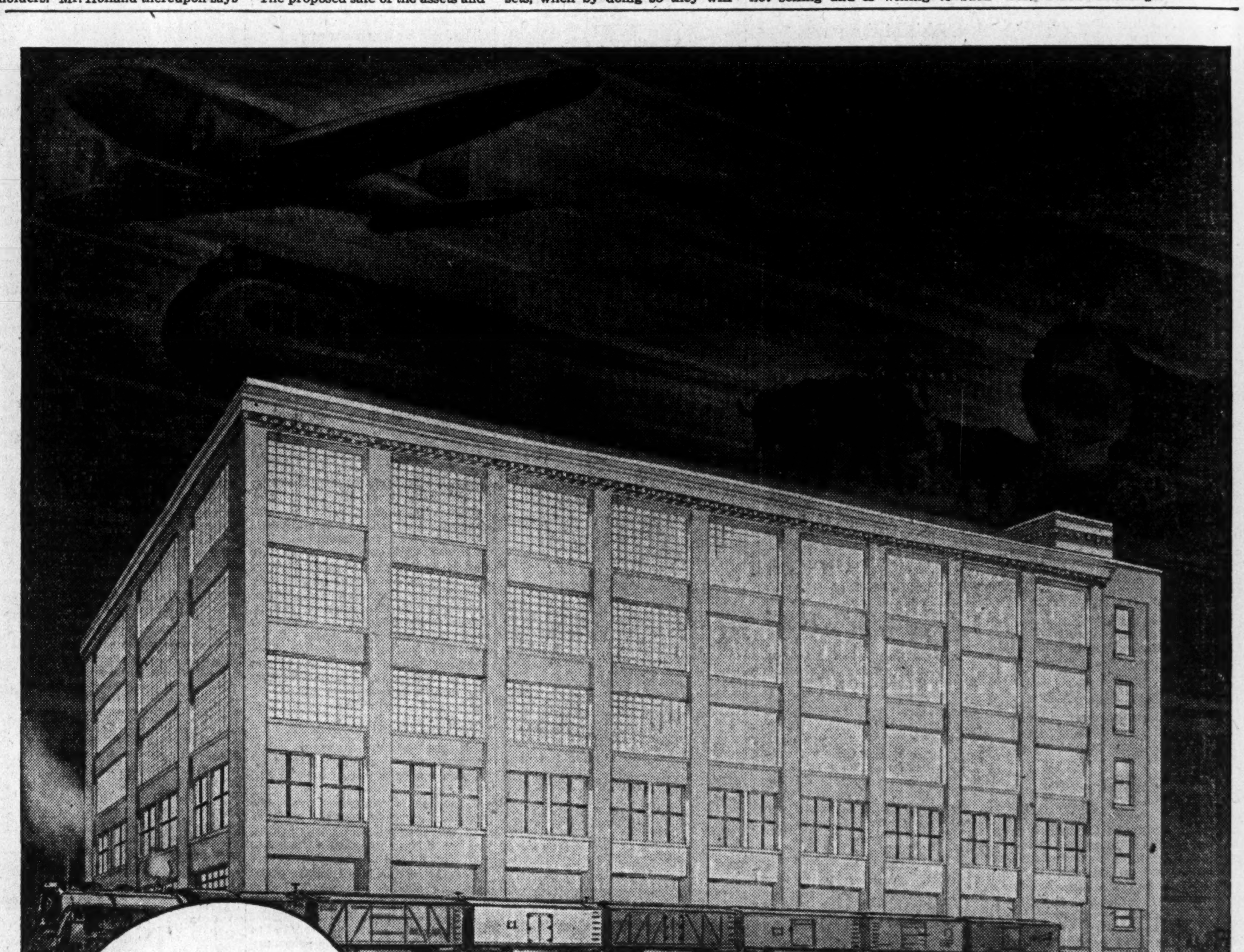
D. FRASER WILSON, *Secretary,* Bondholders' Committee
15 KING ST. WEST, TORONTO
Telephone: Waverley 3681

A. STEWART McNICHOLS, *Chairman,* Debentureholders' Committee.

OSWALD BRAND, *Secretary,* Debentureholders' Committee
132 ST. JAMES ST. WEST, MONTREAL
Telephone: Belair 2674

Burry Biscuit Common Listed on New York Curb

Burry Biscuit Corp. common shares have been listed on the New York Curb Exchange. They have been listed for some months on the Toronto Stock Exchange and Detroit Stock Exchange.



Canada's first Glass-Brick Building for the manufacture of tobacco products. Equipped with the latest conveying system, delivering direct to railway cars and motor trucks, the lower floors will provide shipping facilities of the most modern type.

PIONEERING *in* 1937

Because the covered wagon has vanished and there is no longer any risk of hostile Indians shooting down white settlers from ambush, it does not follow that the pioneer spirit of our forefathers has disappeared from Canada. Conditions have vastly changed since those early days, but the desire to explore new fields, to open new territories, to improve and then continue to improve, still remains an attribute of Canada's forward-looking leaders in all walks of life.

The Imperial Tobacco Company is completing the construction of a new building — an addition to its plant in Montreal. This unit — Building "K" — pioneers by making the most liberal use of Glass-Brick of any building in Canada. It was planned after exhaustive research and study by our architects and engineers, to provide us with the newest and best manufacturing facilities in the world today.

Glass-Brick, heretofore used in Canada only for decorative purposes, now fulfils its true function by providing *really sunlit* manufacturing floors, where we can make use of the most advanced air-conditioning. These floors will be entirely insulated, and so, unaffected by summer's heat or winter's cold. The temperature and humidity will be controlled, and the washed, conditioned air completely changed every ten minutes. These features will also achieve an important advance in the comfort, health and well-being of our employees.

Building "K" is a long stride forward toward the Imperial Tobacco Company's goal — perfection! More sunshine, better conditioned air and immaculate cleanliness will all enable us to improve still further the already fine quality of Imperial Tobacco products.

IMPERIAL TOBACCO COMPANY OF CANADA, LIMITED

THE FINANCIAL POST
SECOND SECTION
Vol. XXX — Member of Audit Bureau of Circulations — PUBLICATION OFFICE: TORONTO, NOVEMBER 21, 1936 — 10c a Copy; $5.00 a Year — No. 47

Saint John N.B. Dons New Garb Of Government

Commission Administration Dropped as Unsuccessful

POLITICIANS OUSTED

From Our Own Correspondent

SAINT JOHN, N.B.—Headed by a man of independent means, who resigned an executive position with the C.P.R. to devote his full time to the mayoralty, a new kind of city council will take office here Dec. 7 under a new form of civic government.

First Canadian city to adopt commission form of government, back in 1912, Saint John tried this and found it wanting. Annual expenditure jumped from $600,000 in 1912 to $1,800,000 in 1935. Business men, tired of steadily increasing taxes, sought to ascertain the cause. They came to the conclusion: "We have the wrong system of civic government, and so long as it continues we will have the wrong men at city hall."

First Effort Fails

In 1935 they took to the New Brunswick legislature a bill to provide for a change in Saint John's form of administration, but the political group entrenched at city hall was able to pull enough strings to have this thrown out.

Early this year, after much groundwork, the business group went back to the legislature, and met with better success.

Their bill was passed with the proviso that it come into effect if approved in a plebiscite. The plebiscite was held in June and citizens voted 3-1 in favor of abolishing the commission form of government, consisting of mayor and four full-time commissioners at salaries of $3,000 a year, and replacing it with a council of mayor and six aldermen, who will receive only a $750 honorarium for their services.

Nov. 2, the first council under the new form was elected to take office Dec. 7. Successful candidates were D. Laurence MacLaren, for mayor, and G. E. Barbour, president of G. E. Barbour & Co., Ltd.; H. C. Schofield, president of H. C. Schofield & Co., Ltd., and former chairman of the Saint John Harbor Commission; R. L. Grannan, president of Philip Grannan, Ltd.; Adrian B. Gilbert, solicitor; Edgar R. W. Ingraham, retired druggist, and James A. Whitebone, labor representative. They ran under the banner of the Civic Improvement League, and it was the first time in the history of Saint John's civic politics that a complete ticket was elected.

All But One Newcomer

Mayor MacLaren, one of Saint John's wealthiest citizens and a nephew of Lieutenant-Governor Murray MacLaren, will be the only member of the new council with previous experience at city hall, and that dates only from last May, when he resigned the post of transportation assistant of the New Brunswick District, C.P.R., to take the mayoralty by acclamation. He announced at the time he would devote his entire time to city affairs, and he has lived up to that statement.

A war veteran, who left a leg behind in France, he is still a young man. Despite his independent means he entered the service of the C.P.R. in a humble capacity and gained rapid promotion before he decided to enter public life.

His first act when he entered city hall was to issue an ultimatum that there was to be no more political interference with tax collectors. Other members of the council were not to order city marshals to "lay off" individuals with political influence who were in arrears in their taxes.

Filled by Politicians

Under the commission form of civic government, now to be replaced, the commissioners combined legislative and administrative functions, as each had charge of a civic department. The $3,000 salaries drew professional politicians, while the fact that the commissionerships were full-time jobs precluded business men from offering except at the sacrifice of their own affairs.

The full-time phase did not apply to the mayor, who was at liberty to engage in private business.

An objectionable element was that the elections were "staggered." Each two years, a mayor was elected for a two-year term and two commissioners for four-year terms, the terms of the other two commissioners not terminating until the next election. Thus it was impossible to get rid of the whole council at one election. Under the new form of government, the mayor and the six aldermen will all have to face re-election each two years.

Perhaps the main change is that under the new system there will be new faces at city hall. One of the

MAYOR MACLAREN

commissioners, Hon. R. W. Wigmore, held office for 25 years with the exception of a brief period when he was at Ottawa as minister of customs. Legislated out of office, the commissioners were really responsible for their own downfall. Pinboards and other petty gambling devices stayed in Saint John until the attorney-general and the mayor took action against them while the commissioner of police was out of the city.

The old council made an abortive effort to negotiate purchase of the New Brunswick Power Company at $2,250,000, spent $11,000 on an appraisal of the company's assets, and might have succeeded had not responsible citizens organized opposition. Then, shortly before the Nov. 2 election, in which they all offered themselves for re-election, three members of the council, during the absence of a fourth member and with only the mayor to oppose them, "railroaded" through the franchise to Maritime Transit they were later forced to rescind. The mayor was not even informed that the company had sought a franchise until the motion was put in council.

Base Metals—Then and Now

Market Levels Today Give Queer Contrast When Thrown Against Pre-depression Yardsticks

By WILFRID SANDERS

Canada's base metal industry is starting over again.

Like a prize-fighter, it has raised itself up from the kneeling position where depression had knocked it, and it is again "squaring off."

Market prices of various base metal stocks are, on the whole, back to where they were in 1928 and 1929. Some stocks have even passed the 1929 high.

A comparison of the factors which made the 1928-1929 market, with those behind the present one, gives some interesting results, results which might serve as a rough gauge in judging the stability of present market price levels.

When the depression sent metal prices down, the Canadian base metal industry was just feeling its first strength. Production of lead, copper and zinc had been increasing when the blow landed. The following table tells part of the story. It does not, however, reflect the deadening effect of low metal prices on exploration and development of young properties.

Base Metal Production

Year	Copper $	Lead $	Zinc $
1925	15,649,882	23,127,460	8,328,446
1926	17,490,300	19,240,661	11,110,413
1927	17,194,955	16,411,980	10,133,699
1928	28,488,118	15,474,003	10,250,589
1929	43,415,251	16,544,248	10,626,778
1930	37,948,359	13,102,635	9,635,166
1931	24,114,065	7,260,183	6,059,249
1932	15,294,058	5,409,704	4,144,454
1933	21,634,853	6,372,998	6,393,132
1934	26,671,438	8,436,658	9,087,571
1935	32,311,960	10,624,772	9,936,908

The decline in production would, of course, have been even more drastic had it not been for the precious metal content in the ores of most Canadian base metal producers. This content made it profitable to mine the ore, even though metal prices were down. In fact the very economic factors which sent the prices of copper, zinc and lead down, sent gold prices up. Thus was saved for Canada the markets which she had established all over the world.

New Picture For Nickels

Canada's big nickel-copper producers do not fall into the realm of this discussion. Not only have nickel prices remained steady throughout, but market research has been so successful that the outlook facing such companies today is not comparable with the 1929 picture. It is, to all intents and purposes, a brand new outlook.

For other base metal stocks, however, the yardsticks applied by the public in gauging market values in 1929 should theoretically apply today.

Noranda Compared

The stock of Noranda Mines is suitable for a start. At the time of writing, these shares are selling at around $73. The highest previous mark for this stock was $76.50 reached in 1928. In the same year, the stock hit a low of $17 per share. High in 1929 was $70, and low $25.

Starting with ore reserves, one finds the following contrast:

Ore Reserves

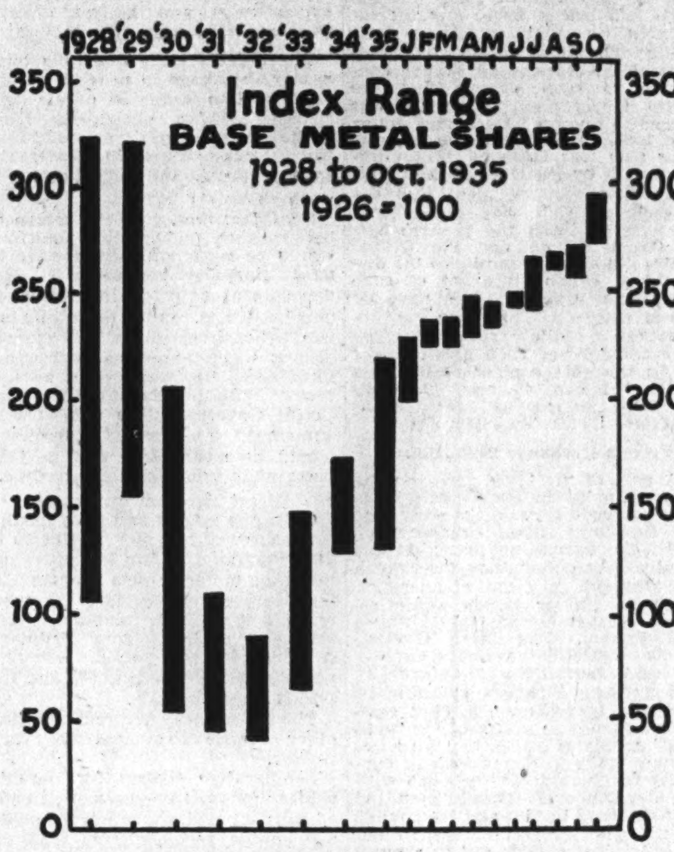
	Tons	Gold oz. per ton	Copper %
1928	3,097,000	0.178	7.31
1935*	7,333,000§	0.174	7.54
	20,457,000‡	0.190	0.99
	3,239,000¶	0.137	0.73

*Indicated reserves above 2,975-ft. level. §Over 4% copper. ‡Under 4% copper. ¶Fluxing ore.

There is really more to the improvement in ore reserves than is shown in the above table. It will be noticed that the 1935 reserve is the estimated tonnage above the 2,975-ft. level. Today, there is more reason to believe that the ore at Noranda goes to comparatively greater depth than there was in 1928. In addition, of course, gold values per ounce have risen about 70% since 1928. Thus whereas the ore reserves shown in 1928 had an approximate value in gold of about $112 millions, the 1935 estimate, excluding fluxing ore, would have an approximate value of $1.7 billions.

The financial position has also shown a marked improvement since the public was willing to pay $76.50 per share for this stock. In 1928, Noranda's operating surplus amounted to $1,360,256. At the end of last year, the operating surplus was $9,328,764. At the end of 1928, Noranda's working capital position was about $2¼ millions. At the end of 1935, it was about $9½ millions.

In still another way has the outlook for the company improved. Noranda has had a record in its outside exploration which is unique among large Canadian concerns. Noranda has a large interest in Pamour Porcupine Mines, the producing property in the Porcupine camp, an interest which should materially enhance Noranda's income. It owns nearly 1.9 million shares in Waite Amulet and properties in the Chibougamau area of Quebec, to mention only a few.



BACK TO PRE-SLUMP DAYS

The above chart shows the high and low marks of the Dominion Bureau of Statistics index on base metal stocks. It will be seen that the market is back to 1928 and 1929 levels. There are, however, some striking differences in the market background, differences which are outlined in the accompanying article.

Earnings Much Higher

What about actual earnings today, compared with 1928?

In 1928, Noranda was in its first year of production. In that year it earned about 76 cents per share, and paid no dividends. For the sake of getting a fair comparison of earnings, it would be necessary to take 1929, in which year Noranda earned $1.91 per share, and paid 75 cents per share in dividends. The high mark of the stock in 1929 was $70 and the low $25 a share. Taking the mean price of $50 per share, yield in 1929 would be about 1.5%. In 1936, Noranda will pay a total of $3 per share, making a yield of about 4.1% on the current price of $73. That the risk involved in 1929 was higher than it is today, thereby theoretically calling for a higher yield, will be admitted, and only adds to the contrast.

There remains one important point, prices of copper. It has been mentioned that Noranda is getting a 70% higher price for its gold. Average price for copper in 1928 was about 14 cents a pound. Today it is well over 10 cents.

Thus on all points, with the exception of copper prices, Noranda's background today appears materially better than it was in 1928 and 1929. Ore reserves, finances, outside interests, and earnings have improved remarkably.

Consolidated Smelters

Consolidated Mining & Smelting Co. does not, on analysis, show such a marked discrepancy between market valuation today, and the market valuation prior to the depression, although the analysis is of interest.

In 1928, the shares of Consolidated Smelters sold as high as $400 per share, the low being $239. The following year, the stock climbed to a high of $575, the low being $210. This year, after giving effect a five for one split in the stock, the new shares are selling at $75.75, equivalent to about $379 before the split.

Unlike Noranda, Smelter's earnings are not as high as they were in 1928 and 1929, when the company earned $18.02 and $17.35 per share respectively. In the 1935 fiscal year earnings per share amounted to $6.61 per share. Earnings in 1936, while they will be undoubtedly higher than in 1935, will not, of course, approximate the 1928 and 1929 levels.

Taking the 1928 high of $400 per share, yield in that year from Smelters stock would amount to about 3.12% with dividends amounting to $12.50. In 1936 to date, the company has paid 50 cents a share on the new stock. Assuming that 1936 total dividends approximate $1.50 per share (new stock), the yield would be about 2%. It is quite probable, however, that Smelters 1936 payments will be higher than this figure.

Tonnage at New High

In other respects, the position of Smelters today compares quite favorably with its 1928 and 1929 position. Tonnage of output this year will establish a new record, and while prices of lead and zinc are not yet near the pre-depression levels, they are climbing slowly, and the outlook for an advance in price is brighter than it was in 1929.

Hudson Bay Mining & Smelting Co. offers another interesting comparison, then and now. In 1928, two years before production even started on this northern Manitoba property, the stock sold for a high of $28 per share. Today, after the company has established itself as a producer and dividend payer, the stock is selling at around $32 per share. Marketwise, this stock suffered badly from the depression psychology, selling at as low as 92 cents per share in 1932.

In 1929, when a high of $23 a share was reached, the company was still, as had been said, in the development stage. At the end of that year, its working capital amounted to about $3.7 millions. No estimate of ore reserves had been made public. Briefly, although it was in good hands, backed by moneyed interests, this stock was still a speculation.

Today, outlook for the company is better than ever before. Last year, the company earned $1.17 per share, paying $1 per share in dividends. In 1936, earnings should be near the $1.50 mark. For every one cent increase in the price of copper per pound, earnings of Hudson Bay Mining & Smelting Co. are increased about half a million dollars, or about 20 cents per share outstanding. In addition, last year, interest on the company's bonded indebtedness amounted to about $300,000. This indebtedness was retired last year, so that increased earnings can now fall directly on the common stock. Working capital now amounts to nearly $6 millions.

When all these factors are considered, it will be seen that the apparent discrepancy between market valuation of this stock prior to the depression and now, is as marked as in the case of Noranda.

Inflated Markets

Sufficient examples have been given to indicate that market prices were either badly out of line in 1928 and 1929, or they are badly out of line today.

It is well known that 1928 and 1929 markets were badly inflated. This simple fact must account for a great deal of the discrepancy. Just how much it accounts for, is up to the individual investor to estimate. Even if he finds the entire discrepancy was due to exaggerated optimism and a generally inflated market, at least he has the comfort of realizing that prices today are on firmer ground than they were in 1928 or 1929.

Alberta Plans Fire Coverage With Lloyd's

Cancels Outstanding Policies Covering Government Properties

AFFECTS 500 AGENTS

Alberta's Social Credit Government has decided to cancel outstanding fire insurance contracts, and will insure with Lloyd's of London.

Contending that the saving to the province as a whole will more than offset loss of commission to the estimated 500 agents who now handle the business, Hon. E. C. Manning, provincial secretary and minister of trade and industry, has announced that fire coverage on provincial buildings and on the Alberta Government telephone system will be switched to the English underwriters. It is understood that Anglo-Canadian Underwriters, of Toronto, through whom the insurance will now be placed, will pay commission to brokers in Edmonton.

Considered Last Year

About a year ago, Premier Aberhart stated that a proposal to establish a provincial insurance fund was being considered, contending that rates were too high for the character of building insured. The plan put forward was to reduce the amount of insurance carried, and put aside a definite sum annually so that ultimately the Government itself would be carrying all the insurance.

Under the plan announced by Mr. Manning, self-insurance will be very limited in character. Coverage with Lloyd's is technically referred to as disaster insurance. The province assumes responsibility for the first 10% of fire loss on each individual property, but has a maximum loss on any one risk of $10,000. That is, if the province meets with a loss of $150,000 by fire in one of its properties, it will be liable for only about 7% of the loss.

Coverage $7.8 Millions

The new arrangement, which dates from Nov. 14, is based on coverage for the remaining 4½ months of the provincial fiscal year, and will then cover the three-year period ending March 31, 1940. Total coverage is placed at $7,781,092, of which $4,551,292 is on Government properties, and $3,429,800 on those of the telephone system. Most of the total, $6,946,592, has been placed in three-year contracts; the remainder is covered by annual policies. The number of policies is reduced from 1,235 to 56.

Government officials have estimated the saving through transfer of the insurance at a figure ranging between $100,000 and $50,529. Most of this is from lower premium rates. Under the old system, the Government paid out $124,407 in premiums whereas, outlay under the new arrangement is placed at $52,642, a saving over a three-year term of $72,756.

Government Reserve $52,589

Cancellation of outstanding contracts is expected to yield $27,825 as a refund for the period until March 31, 1936. Partly offsetting this, is a loss of $15,886, probably arising from short rating of the policies cancelled. Reserve to meet the Government's liability under the 10% clause is $52,589.

In making the announcement, Hon. Mr. Manning is quoted as follows: "Careful investigation and survey of Government insurance has established the fact that a tremendous saving to the taxpayers will result.

"The Government realizes that those not fully acquainted with the facts might consider criticism from two points: First that the money paid in premiums will be sent out of the province, and secondly, that approximately 500 agents will be affected through the loss of commissions.

Claim No Loss to Province

"In connection with these aspects, I may say that in so far as the first criticism is concerned, there would be little or no difference under the new arrangement. The fact that insurance is at the present time placed with agents in the province does not mean that the money paid in premiums stays in Alberta.

"Regarding the loss of commissions to agents, the Government naturally regrets this inevitable result, but feels that owing to the large number involved, the individual loss will not be great, and furthermore these agents are also citizens of Alberta and therefore will naturally have a direct interest in the substantial saving accruing to the citizens of the province as a result of this arrangement."

Wages—Up or Down?

Codes, Legislation, Excessive Tariffs and Lethargy in Adopting New Technological Methods Obstacles to Higher Real Wages

By JOHN DUKE

When Wallace R. Campbell, president of the Ford Motor Company of Canada, said recently "what we want in Canada is not lower wages but higher wages," he was voicing traditional Ford philosophy.

Henry Ford is regarded as the leader of the "High Wages Equals Purchasing Power" school. The argument of this school is that high wages generate the means to pay them by increasing purchasing power in the country. The theory is still very popular with a large group of economists, although it has been abandoned by many former enthusiasts, including President Roosevelt.

Many commentators hold that cause and effect are much confused in the gospel of high wages. People, they say, observed the conjunction of steadily increasing wealth and steadily increasing wages, and assumed that the wealth followed the wages. In reality, it is replied, the higher wages were the product of the higher wealth. And the higher wealth was in turn chiefly the product of increased production, which in its turn was in no small degree the result of improved techniques of production.

Ford's Contribution Important

Henry Ford has always been a leader in the movement to higher wages. Now in part Henry Ford's efficiency and wealth have come out of his higher wage scales for they have enabled him to command the most efficient labor. But Henry Ford's high wages have not been of any benefit to the great mass of workers unable to work in the Ford factory or at some other skilled trade.

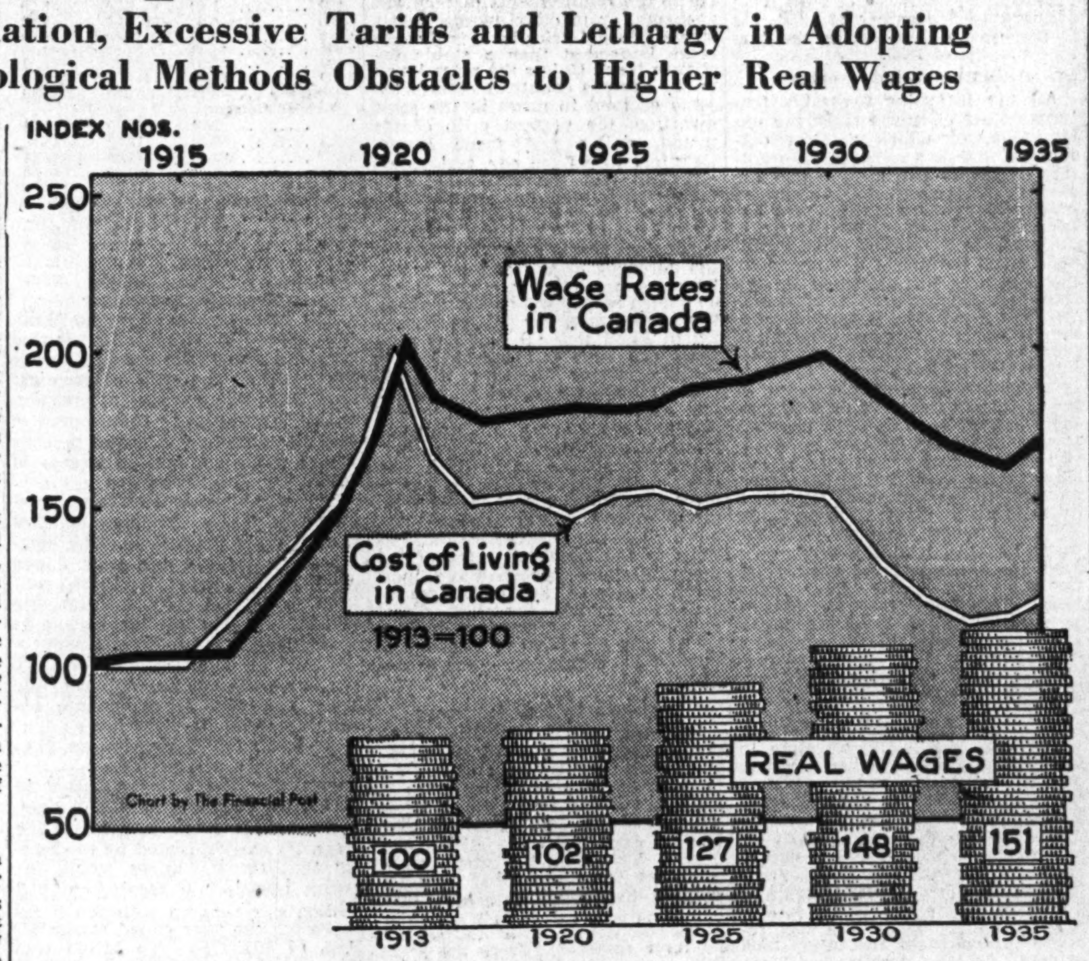
Ford has made a much more important contribution to the great mass of the people than his policy of paying the highest wages. His contribution has been low costs—achieved through the most efficient and highly mechanized methods, which have been passed on in lower prices for his cars. What Henry Ford gave the world was first a $500 automobile to take the place of $5,000 automobiles; and, second, a lesson in mass production methods that enabled the same principles to be adopted in the production of most of the necessities of a higher than bare subsistence level of life for the masses.

Henry Ford increased the purchasing power of every dollar of everyone's income, and that was more important than Henry Ford's action in setting a $5 then a $6 and even an $8 daily wage for labor, for these high daily rates were but another product of his efficiency rather than the cause of it.

Hits at Ford Argument

One Canadian industrialist challenges the Ford argument as "making a virtue of necessity."

By that he means that the automobile business, with its seasonal curve of production and sales, is at a disadvantage in competition for steady labor. Of necessity it has paid higher rates, but has given less continuous employment. The employees have, therefore, had greater leisure and sometimes less annual earnings, even though the rates per diem or per hour have been relatively high.



Real Wages Up Steadily

One factor of extreme importance in wage discussions today is the fact that "real wages" of employed workers have advanced rapidly in recent years and even during the depression. This is the result both of increasing wage rates and declining cost of living. The situation is graphically indicated in an accompanying chart which makes it clear that real wages in Canada have grown according to the following index figures:

1913	100
1920	102
1925	127
1930	148
1935	151

Thus it is clear that the income of the worker can be as effectively increased by lower prices as by increased cash wages. So it is that while the economists are debating at great length, and not always to effective purpose, the theoretical phases of the subject of raising wages versus lowering them, an increasing body of opinion is finding a short cut through the maze of argument. And this short cut is a path already clearly blazed by the industrialists of this continent.

The newest chart of it is that drawn by the Brookings Institution, of Washington, in its monumental study of Income and Economic Progress. It perceived these phenomena:

Unequal distribution of wealth and incomes.

Inadequate purchasing power in the hands of the masses.

Uneven bargaining power between different classes of workers.

Difficulties either in the way of raising wages or of reducing them.

And it finally concluded:

"If we cannot look forward to raising the material level of existence of the masses by increasing money wages there remains the alternative of accomplishing the same end through reduction in prices."

Barriers in Way

We thus get back to Henry Ford's major contribution: the increase in real incomes through the lowering of prices of finished products.

There are a good many obstacles to the free play of those forces—economic and technological—that would put more and better goods in the hands of the consuming and wage-earning public at lower cost. Some of these obstacles may be cited:

Codes and legislation designed to limit production and to prevent prices from falling; to limit hours of labor when there is a ready market for all that could be produced if the cost were reasonable (houses, for example).

Monopoly, sometimes in the form of excessively stringent union regulations which improve the position of organized groups of workers at the expense of unorganized groups.

Monopoly, too, in the form of price-fixing and output-reducing combines and trusts that maintain prices and divide up available markets instead of seeking to create the largest possible markets.

Excessive tariffs which in some industries have the same effect of limiting the public's ability to buy and therefore of limiting the possible market for products.

Lethargy, and in fact concerted opposition, toward the adoption of new technological methods which would adapt power and machinery to the production of more goods at less cost.

These are the obstacles to higher real wages.

Effect on Employment

What is the effect of wage cuts or wage increases on employment?

The exact relationship between wages and unemployment is something economists as well as industrialists have had difficulty in defining. Prof. Keynes made the statement in the British MacMillan report that "wage cutting is a counsel of despair, especially for debtor countries." Keynes is the chief inspiration for all panaceaists who believe the answer to the world's problem is purchasing power in the hands of the masses.

There are three theories regarding cutting wages as a remedy for depression.

1. That wage cuts reduce costs more than receipts; that is that the benefit of wage reductions more than offsets the reduction in buying power in the country:

2. That wage cuts reduce both costs and receipts equally:

3. That wage cuts reduce receipts more than costs.

Australia is one of the countries that has brought itself most quickly out of depression. It accepted the first theory. A drastic reduction of 23% was effected in wages in 1931. The Commonwealth Arbitration Court rejected the spending power theory of high wages. It accepted it as a fact that a wage reduction represents, in the first instance, not a destruction of spending power of the community, but a transfer of spending power to employers which would use it to employ more labor or buy more goods and services.

A stronger argument is the fact that a reduction in wages transfers spending power to the harder hit members of the consuming public and thus helps to restore equilibrium.

But apart from economic theory it is inevitable that a period of depression should bring about a lowering of wages. Workers can share only in the income that is available. When the national income is lower there is less available for distribution to worker. It may be an over-simplification to say that they can take their cut either in lower wages or in unemployment, but there is some measure of truth in that statement.

Pressure for lower wages has been exerted only in part by harassed employers endeavoring to keep their businesses from going under. The employer may be made the goat for the disfavor of agitators but lower wages have been demanded by farmers, fishermen and others who have taken the blow of price declines with minimum opportunity of passing on some of its force. The consumer has asked for lower prices. World buyers have effectively exerted their pressure on wages.

Gold Exports

In the first nine months of 1936, net exports of gold from Canada to the United States amounted to $45 millions. This figure is about $25 millions less than in the corresponding period of 1935. Canada also shipped a net figure of $12.9 millions to the United Kingdom.

Big Drought Reflected In Field Crop Returns

If any confirmation is needed of the loss in volume suffered by Canadian agriculture through last summer's drought, it is supplied by the second crop estimate of the season by the Dominion Bureau of Statistics.

Wheat is substantially below even the low yield of a year ago and the remaining field crops, upon which the Canadian livestock and dairy industries largely depend for cheap feed or raw material, are down considerably more so. Comparison with the five-year average production will indicate the most accurate picture.

Fortunately values have not come down with volume loss. As a result of higher quality and very substantial gain in price—wheat this fall has averaged approximately 20 cents a bushel or nearly 25% above the same period a year ago—net returns to Canadian agriculture should not be greatly different from a year ago. But these returns as a result of the unevenness of the main crops will not be as widely distributed.

CANADIAN CROP RETURNS
(Bushels)

	Total 1936	Total 1935	5 yr. average 1930-34	Yields per Acre 1936	Yields per Acre 1925	Yields per Acre 5 yr. average 1930-34
Wheat	233,500,000	277,339,000	348,590,000	9.2	11.5	15.5
Oats	276,235,000	394,348,000	354,317,000	21.1	28.0	26.7
Barley	72,726,000	83,975,000	82,083,000	16.4	21.6	19.7
Corn (husking) ...	5,935,000	7,765,000	5,464,000	36.1	46.3	40.0

B. C. Fishing Industry Again Sees Jap Threat

From Our Own Correspondent

VANCOUVER. — Last summer American fishermen off Bristol Bay, Alaska, one of the most important of the north Pacific fisheries, witnessed a strange sight. They saw a big Japanese vessel drifting outside the three-mile limit, surrounded by a fleet of sampans.

The Oriental vessels were manned by Japanese busily engaged in investigating the salmon run. It is reported that the Japanese were not content with a purely scientific experiment; that they made a large catch which they proceeded to process and can on the mother ship and then sail back to Japan for transshipment to the markets of the world in competition with Alaska salmon packed by U. S. companies.

These operations had sinister significance for salmon packers not only in Alaska but in British Columbia, where it was quickly realized that if Japan proposes to continue fishing operations outside the three-mile limit the annual run of salmon to these shores will be seriously jeopardized and possibly depleted in a few years.

Japanese fishing vessels were also sighted last summer off the coast of Vancouver Island and near the fishing centres of Skeena River, Rivers Inlet and other sources of B. C.'s salmon pack. The success of any Japanese extra-territorial fishing and processing depends on the skill and economy of floating cannery operations and the catching of salmon on the high seas with a gill-net. If this method of obtaining fish and canning it proves profitable in Behring Sea, Canadian canners forecast branching out of enterprising Japanese fishermen down the coast even to the rich tuna banks off California and Mexico.

It is feared that the great halibut fishery will be in similar jeopardy after being saved from extinction by conservation methods carried out jointly by Canadian and American authorities, if Japanese extend their operations to the halibut banks.

The British Columbia Government has taken official cognizance of the threat by asking the Canadian Government to see this province's rights are fully protected in any new fisheries agreement entered into by Canada with a foreign nation.

ENCOURAGING REPORT HEARD BY CANADIAN BANKERS' ASSOCIATION

Survey of all Canada Shows Condition of Three-quarters of Country Materially Improved

MINING AND FORESTRY PROSPERED

Canada's Foreign Trade Totalled $1,500,000,000 With Exports Greatest Since 1930

BANK CREDIT AT RECORD PEAK

President S. H. Logan Points Out Bank Service Vital to Public Interest

The Annual Meeting of The Canadian Bankers' Association was held in Toronto on November 12 when Mr. S. H. Logan, President, gave the following address:

General business in Canada during the past twelve months shows so substantial an advance that, despite serious set-backs in certain areas, the economic position of three-quarters of our population has improved. This improvement is reflected in higher earnings, or in fuller or more permanent employment. Recovery has been much more widespread than at any time since the low point of the depression in 1933, and had there not been this year a continuation in parts of our western Provinces of what some scientists regard as the worst series of droughts in the last two hundred years the economic and social gains would have been still more impressive.

Revival on National Lines

As the economic status of Canada is determined partly by conditions abroad, we should consider these. The Economic Intelligence Service of the League of Nations has stressed the notable increase during the past five years in the influence of governmental policies upon economic activity. While in some countries individual and group initiative remains the principal factor in bringing about recovery, the scope of such initiative is being constantly narrowed. As a result, revival has proceeded more on national than on international lines, and consequently the rate of progress varies greatly between one area and another. The extent to which increased industrial activity and re-employment rests in some countries in the main on huge rearmament programs must cause anxiety, both as to its maintenance over a long term and as to the political stresses which such a policy tends to develop. However, this authority goes on to say that, "as production increased and unemployment declined in such great industrial countries as Belgium, Germany, Italy, Japan, the United States and the United Kingdom, the increased demand for raw materials, and to a less extent for foodstuffs, led to higher prices, and therefore to greater receipts, not only in the agricultural exporting countries of Asia, South America, Europe and the British Empire, but also in the mineral exporting colonies. The impetus to increased production came from different sets of causes in the industrial countries. The stoppage of deflation and the beginnings of expansion in some were accompanied by external currency depreciation. In others, it took place behind the shelter of exchange controls. The influence of government expenditures was a powerful factor in some; but in others increased production rested largely on private enterprise.

"Whatever the combination of causes in each particular case, the recovery of industrial demand led to increased demands for raw materials and therefore to an improvement in international trade, from which the agricultural exporting and mineral exporting countries benefited directly. As the prices of raw materials and most foodstuffs rose again sharply in late 1935 and early 1936, the national income of these countries was further improved. As it improves, their purchases of manufactured imports increase. The first factor to be stressed, therefore, is the spread of recovery due to increased economic activity in the industrial countries. Though other elements enter into the situation, much of this improvement is of a normal cyclical character." I might add to this survey that world production of most classes of materials is now close to the level of 1929, although there have been regional shifts since that year, influenced by policies aimed at further industrialization in agricultural countries, at agricultural self-sufficiency in industrial countries, at State control of business and at unemployment relief through public works and rearmament programs. It is important, nevertheless, to note that Canada is among those countries whose increased production and accompanying social gains have rested largely on private enterprise.

Banking Service Vital

No survey of Canadian conditions would be complete without an examination of banking developments, since banking service is of vital concern to the public.

Total deposits increased in the twelve months ending 30th September by $167,000,000, notice deposits, mainly public savings, alone rising by $57,000,000. The aggregate of bank deposits in Canada was $2,263,000,000 the property of nearly five million people gained as a result of their productive efforts and their contributions by way of services. This great sum, together with $116,000,000 in chartered bank note circulation, constituted the bulk of the nation's ready money, and it is interesting to note that this total was greater than that available at any time since the end of 1930 and, in fact, exceeded the supply during any period prior to October, 1927. It should therefore be clear that prosperity has not lagged for any lack of funds. What has been needed is a greater circulation of the available supply of money, a condition possible only as prices and the various forms of production reach a greater degree of balance, accompanied by full employment. Confidence in the good faith of one's fellow citizens is a further necessity for the fuller development of the prosperity which should be ours. Every step taken to evade contractual obligations by those who are in a position to meet them, but find the conditions inconvenient or onerous, shakes confidence and delays recovery. The blow to confidence is by far the greater when the evasion is the result of direct action by a government which reaches and enforces arbitrary decisions affecting the welfare of great numbers of our citizens.

Employing Depositors' Funds

One important banking factor is the use that the banks have made of their depositors' funds. During the year ending September, security holdings, mainly Dominion, Provincial and Municipal bonds, increased by $276,000,000 to a total of $1,379,000,000. Call loans, resting upon negotiable securities, rose by $30,000,000 to a total of $165,000,000. Advances to Governments and school districts declined from $126,000,000 to $119,000,000. Commercial loans and discounts, mainly representing the production and distribution of goods and made available to about four hundred thousand borrowers, fell from $1,001,000,000 to $857,000,000. The developments in bank commercial credit are not, however, clearly portrayed by a comparison of these figures, for the decline is accounted for by partial liquidation of a few large special loans, notably those for carrying wheat which have been absorbed by the increased export movement of this product, and those retired from the proceeds of bond issues floated by certain borrowers. Bankers hope that the upturn in total commercial loans since July, one of $47,000,000, marks a turn in the tide which will continue, as we shall be better satisfied when the business community makes greater use of the available bank credit facilities. The aggregate of security holdings and loans, which represents the extension of bank credit in this country increased in the year under review by $131,500,000, and at the end of September was at an all-time peak.

Financing Foreign Trade

There is another department of banking service that warrants comment. It is that through which the greater part of the country's foreign trade is financed in the form of bills, credits and exchange sales and purchases representing exports and imports. Some of these transactions appear in the Bank Statement published by the Dominion Government under the heading, "Letters of Credit Established," amounting on 30th September to $64,000,000, but the full amount of bank financing of this kind approximated the total value of foreign trade, about $1,500,000,000. Exports in the past year rose by $169,000,000 to the highest level since 1930, and increased in volume by about 20 per cent. Imports increased by $59,000,000 in value and by about 10 per cent. in volume. The difference between exports and imports was $361,000,000, this favorable trade balance being exceeded in the history of Canada in only four similar twelve-month periods, those ending in 1926, 1925, 1918 and 1917.

General Business Record

Indeed, we can safely regard the marked expansion in export trade as the most influential factor in raising the level of general business activity by about 10 per cent., and thereby improving the position of most of our people. The forest industries were in the vanguard of this movement, and increased their production by about 15 per cent., that of newsprint soaring to a record height and close to the practical limit of capacity. This is a stage which justifies a price for the product at least commensurate with operating and overhead charges, plus a reasonable scale of profits as compensation for the heavy depletion in our forest wealth which has followed such intensive activity in this particular industry. There is probably no more impressive record in Canadian economic annals than that in lumbering. During the past year the industry in British Columbia the most important area, was stimulated to the greatest activity since 1929 by a foreign demand more than one-third greater than in the preceding year. Exports to overseas countries reached record proportions, while at the same time the American market was reopened by a reduction in the high duties imposed on Canadian lumber in 1930 and 1932. Perhaps more specific data should be mentioned to emphasize the remarkable enterprise of our lumber industry. About four years ago the production of all Canadian lumber was 30 per cent. of normal, and the industry, having practically lost its large American market as a result of prohibitive tariffs and being without other extensive connections to offset this blow, faced an even worse future. In fact, the log scale in British Columbia, a good guide in saw-mill operations, fell early in 1933 to about 10 per cent. of 1929. Within a few months, however, new markets were developed overseas, which have been cultivated so effectively as to establish Canadian wood firmly in Great Britain, the Orient, Australasia, the West Indies and South Africa, and to aid in raising the national lumber cut to 85 per cent. of normal.

Public Benefits of Mining

Canadian mining, now recognized as one of the largest, most varied and efficient of the world's mineral industries, has continued on the strongly progressive course it set for itself long ago. In fact, it seems impossible to over-stress the importance which mining has assumed in the economic position of Canada. In the acute depression, from 1929 to 1933, when other Canadian exportable products were finding such restricted markets as to threaten our external credit, gold from our mines was available to help meet the country's foreign debt payments and to finance necessary imports, without which the standard of living would have declined more than it did. In the last seven years nearly $600,000,000 of our gold has so been used to protect the interests of Canadian people. The other major metallic units also lent considerable support to our economic system, for most of them remained on a comparatively high production basis when mines elsewhere were forced to a low scale of operations or to a complete shutdown. Yet in the past year mining progress in Canada has been more widespread than formerly, for not only have many new gold properties reached the stage of steady and large production, but there has been marked recovery in coal and asbestos mining, which once were severely depressed, while the productive capacity of copper has increased, as also has that of nickel, one of Canada's greatest contributions to the leading metal products of the world.

Record Mineral Production

With this advance over practically the entire mineral area, the value of all mining production for 1936 should be about $350,000,000, which would exceed that of 1935 by nearly $40,000,000 and surpass by nearly the same amount the previous highest value, that of 1929, when, however, better prices for base metals prevailed. The real significance of this estimated value for 1936 is that nearly $1,000,000 per day will have been contributed to the national income as this new mineral wealth is disbursed for mining wages, foods, clothing, equipment and materials, or in taxes and dividends. Moreover the industry has produced in the past ten years minerals valued at $2,694,000,000, a very material contribution to the prosperity and welfare of this country.

In a year of some unusual hazards the sea fisheries have been more successful than in 1935, for the landed value of their catches is tentatively estimated to have increased by 10 per cent.

Growth in Tourist Trade

The tourist trade of 1936 will probably be recorded as the largest since 1929. Apart from lumbering and newsprint, which have already been mentioned, industrial activity has also increased. The so-called heavy industries (those producing machinery and other equipment) and a large group engaged in miscellaneous articles have forged ahead so rapidly as to more than counterbalance a hesitant tone in a few other important units. Thus, while the automobile and agricultural implement plants worked for a time at a slower pace than in the like period of last year, with correspondingly lessened requirements for materials such as steel, the cumulative production of steel from January to September of 1936 was 25 per cent, higher than in the first nine months of 1935.

Some Unfavorable Features

All the foregoing favorable features do not of course mask the unfavorable, of which a most outstanding one is a national crop outturn about 20 per cent. below the average. Moreover, the volume of new construction work this year has been disappointing, although private building has revived to some extent and should be further stimulated by the measures just designed by the Dominion Government in co-operation with the banks to make financing for house repair and renovation both cheap and convenient, measures which we bankers will earnestly endeavour to make successful. In the important field of public finance there has not been as much progress toward budgetary balance as is desirable, the chief problem being unemployment relief, but most governmental authorities are taking a more realistic view of their problems, and where business improvement has occurred tax collections have increased and the burdens of unemployment relief have been eased. The transportation systems have, because of severe drought, again been denied the benefits of a normal grain crop movement, but have enjoyed a slight improvement in net earnings.

Most Serious Factor

The most disturbing situation in Canada to-day is in Alberta, where general legislation has been enacted for the advantage of the debtor at the expense of the creditor without regard to the debtor's capacity or willingness to pay. The Legislature has not only authorized the Government to default upon its obligations by a forced reduction in the rate of interest on its bonds, but has reduced the principal and interest on private debt generally. Alberta bonds and mortgages are held not only by individuals and foreign investors but also in Provincial and municipal superannuation funds and sinking funds. Alberta bonds and mortgages are also held by pension, benefit and church funds, insurance, mortgage, loan and trust companies, and thousands of individuals, many resident in Alberta, who have interests small or large in any of the above organizations are thus victims of such legislation.

A bank depositor, an insurance policy holder or a beneficiary whose funds have been invested by a trust company, in discussing debt adjustment in Alberta with a debtor, would probably in many cases sympathize with the latter, but he would view the situation in an entirely different light if it were brought home to him that the underlying security of his life insurance policy, deposit or estate was being undermined to the extent of the relief given the debtor, and that in reality these legislative concessions are at his own expense, for inevitably, when any one is relieved of a legitimate debt someone else must pay. Every one appreciates the plight of the honest debtors who have struggled to pay, but by misfortune are unable to do so, yet those are cases which should be dealt with individually. Sweeping confiscatory legislation by any government at the expense of thousands of individual creditors in every walk of life is an extremely serious development, which is not in accordance with recognized ideas of British justice.

International Finance

The long struggle in France to continue an effective gold standard on the basis of the "Poincare franc" finally came to an end in September last. The attempt of the various French Governments preceding that of Premier Blum to adjust the difficult economic situation of that country through internal deflation, rather than through devaluation of the monetary unit, had met with indifferent success and it had become clear that the social measures adopted by the Blum Government, tending as they did to raise internal costs and prices, made any further attempt in that direction quite futile. The drain on the gold holdings of the Banque de France continued in such volume that the Blum Government finally was forced to reverse its previous policy and forbid the exportation of gold. This step was followed almost immediately by Switzerland and Holland. The announcement that the French decision was made after consultation with the governments of Great Britain and the United States did much to minimize the disturbance which an event of such importance was bound to have on world markets. The franc has not yet been definitely revalued. The Government has been given power to fix the gold content of the new franc between 43 and 49 milligrammes as against 65½ milligrammes in the "Poincare franc."

French Exchange Stabilization

A part of the book profit on the revaluation of the French gold holdings has been set aside to constitute an Exchange Stabilization Fund, and it has been announced that this fund will be operated by the French Government in close co-operation with the similar Funds which already existed in the United States and Britain. The three Governments in question have subsequently agreed to permit the sale of gold to and by these Funds at prices to be mutually agreed upon in each case. This change in policy of the "gold bloc" countries marks the third important stage in the process of currency revaluation which began with the departure of Britain from the gold standard in 1931 and the change in the gold content of the United States dollar in 1933, and in a sense validates the existing sterling and dollar devaluation.

It is too early to forecast the results which are likely to follow these recent developments. Only the general outline of the agreement reached by the Governments of Britain, the United States and France has been made public, the details being kept secret as a matter of policy. It would appear that it can be abrogated at 24 hours' notice by any of the parties concerned. It is encouraging, however, that an agreement should have been reached at all, and it is reasonable to infer that the Governments of the three countries in question realize the danger and the futility of continued competitive devaluation of their relative currencies.

"Sterling Is Still Free."

The agreement should not be interpreted as laying the foundations of a new international gold standard, on a fixed basis. The British Government has stated that "sterling is still free," and President Roosevelt is reported to have announced that he intends to ask Congress to extend his discretionary authority to devalue the dollar still further. It seems that exchange values are considered as subordinate to the requirements of domestic economy, or in other words, that a stable internal price level is thought more important than a stable exchange level. Unless the price levels in the various countries remain the same or tend to move in the same direction, the present ratio of the pound, dollar and franc cannot therefore be a fixed one, and apparently all that the agreement contemplates is a mutual co-operation to keep the various currencies in some kind of "alignment." As regards the absolute stabilization of the currency of any country in the terms of any other country, it has long been recognized by the authorities in charge of the British Equalization Fund that all that any such Fund can hope to accomplish is to avoid excessive temporary fluctuations caused by seasonal speculative and other short-lived factors, and that it is futile to try to combat any major change consequent upon permanently altered conditions. In spite of all this, however, the agreement constitutes a step in the right direction and should eliminate the more violent and temporary fluctuations in the exchange rates of the three countries concerned and, indirectly, between the exchanges of countries which are not direct parties to the agreement. It may confidently be expected that this in turn will stimulate international trade.

Obstacles to Full Recovery

It should not be overlooked, however, that greater stability in the exchanges constitutes only one factor in the situation. Many obstacles to a real revival of international trade still remain in the form of high tariffs, exchange restrictions and quotas. These are not easily abolished for the reason that once instituted there grow up behind such barriers trades and industries which would be damaged, if not ruined, by their removal. There are signs that a psychological reaction is growing in many parts of the world against excessive nationalism and the doctrine of self-sufficiency so generally adopted in recent years, but this feeling can hardly be expected to develop rapidly in the atmosphere of suspicion created by the armament race now taking place in so many countries in Europe and Asia.

Canada's Prospects

We in Canada should naturally benefit from whatever improvement in world trade is implicit in the new situation created by the recent exchange agreement. Our domestic, as well as our foreign trade, is growing, and there is nothing to warrant the belief that we shall encounter any great difficulty in maintaining either the internal price level or the international value of our currency. This presupposes that some way will be found to end the danger always inherent in recurring unbalanced government budgets and, further, that no more steps are taken along the perilous path of repudiation of contractual obligations. Without confidence neither international capital nor international trade can be expected to flow freely.

In conclusion, it is clear that the majority of our people are no longer in an economic wilderness. Their own enterprise and the improved conditions abroad have lifted them out of the greatest depression within living memory, a depression which throughout practically its entire course was especially aggravated in Canada by low agricultural prices, due to world influences, and by recurring crop damage. These misfortunes caused progressively increasing hardship in the Western grain belt, once one of the most flourishing sections of the national domain and one which we know, given reasonable weather conditions, still has great recuperative powers.

Prosperity Depends on Exports

Let it be emphasized here that it is largely the export markets that dictate the prosperity of this country, as the commodities we have to sell, such as wheat, fruit, fish, lumber, newsprint, metals and certain manufactures, find their principal markets abroad. It is apparent that if the world markets for our major exportable products continue to strengthen and our productive efforts are not limited by unnatural crop-growing conditions, we should witness in the future even greater improvement than in the past 12 months. In that fortunate event, large-scale unemployment and public relief may be things of the past and the lives of many more of our people will be brightened.

Alberta Bondholders' Report 3.

Current Revenues in Alberta Show Greater Gain Than in Saskatchewan

Report Indicates Taxes Could be Made More Productive

Up to 1930, Alberta was able to service its debt obligations without difficulty. In the 1928-29 fiscal year, in fact, surplus on ordinary account was reported. After 1930, however, revenues were insufficient to meet expenditures and budget deficits were reported from 1931 to 1936.

The deficits were due to a temporary shrinkage in provincial revenues and to increased public debt charges, arising principally from capitalization of relief expenditures. Normal expenditures in these years on both income and capital accounts were sharply curtailed.

Confident that, with the return to better times, the taxation structure would be sufficiently productive to meet financial requirements, the government deferred imposition of new tax lexies. In the meantime the gap between revenues and expenditures was spanned by borrowing Conditions, however, failed to improve. With the advent of the Social Credit Government in 1935 it was announced no further borrowing would be undertaken and in 1936 taxes were substantially increased.

Direct Taxation Important

Quite the largest and most important source of revenue in Alberta is direct taxation within the province, including motor vehicle licenses. In the five years ended March 31, 1934 receipts from this taxation averaged 45% of the average ordinary revenues for the period. For the year 1934-5 they were 42.6% and for 1935-36 exceeded 42%.

The experience and practice in the other Prairie Provinces are very similar.

Comparative figures for Saskatchewan for the five-year period ended April 30, 1934, show that the average annual receipts from taxation exceeded 41% of the average annual revenues on income account. In Manitoba, such receipts exceeded 40% of the total ordinary revenues.

The major sources of cash revenue in Alberta are the income, corporation, gasoline, amusement, and social service taxes, succession duties and motor licenses, and more recently, the sales tax. Revenue from these sources in the five years ended March 31, 1934, averaged $8.5 millions per annum. Income from these sources in the year ended March 31, 1936, amounted to $6.9 millions compared with total ordinary revenues of $16.4 millions.

Income Tax in Alberta

The income tax in Alberta is levied on individuals and corporations and was first collected in the year ended March 31, 1933. Prior to the present fiscal year, the rate of income tax imposed on individuals was considerably lower than those imposed in Saskatchewan or Manitoba. Given below are comparative figures for the three provinces:

Comparative Statement of Provincial Income Taxes

Income: $	Alberta $	Sask. $	Manitoba $
Single Person:			
900	1.50	6.50	3.00
1,200	4.50	9.50	9.00
1,500	7.50	15.00	22.50
2,400	16.50	33.00	49.50
3,600	37.00	60.50	94.00
5,000	80.00	111.00	173.25
Exemption	750	750	1,500
Married Person:			
1,800	3.00	8.00	6.00
2,400	9.00	18.00	18.00
3,600	22.00	42.00	43.00
5,000	55.00	80.00	94.50
Exemption	1,500	1,500	1,500
Married Person with Two Children:			
2,400	1.00	8.00	....
3,600	13.00	30.00	22.00
4,000	17.00	38.00	30.00
5,000	34.00	62.00	57.75
Exemption	2,300	2,100	2,500

Manitoba Experience

The figures given above for Manitoba should be amplified since that province also levies a special wage tax of 2%. The only persons exempt from this wage tax are persons whose incomes are not in excess of $960 per annum and single persons whose income is not in excess of $480.

The wage tax in Manitoba, combined with the income tax, has proved quite productive. The combined receipts in the year ended April 30, 1935, amounted to $2.7 millions, compared with $296,919 and $470,371 for the similar period in Saskatchewan and Alberta respectively. This comparison is the more striking when the population of the three provinces is taken into account. In 1935 Manitoba had a population of 739,000; Saskatchewan, 978,000; and Alberta, 780,000.

This situation was recognized in part by the Alberta 1936-37 budget, and provision made to increase the rates. It was estimated by the budget that these changes would increase income tax receipts to $1.2 million as compared with actual receipts for the year ended March 31, 1936, of $682,751. No action was taken on a wage tax.

It has been estimated by the superintendent of income tax for Alberta that a wage tax of 1% would raise approximately $1 million annually and a 2% tax, such as Manitoba has, $2 millions. Imposition of such a tax, however, would appear to be unnecessary in view of the provision made of 2% sales tax.

Gasoline Tax Could Yield More

Another productive source of revenue in the Prairie Provinces has been the gasoline tax. These, however, could have been made even more so. Receipts from this tax and from motor licenses carry the debt charges on the extensive investments in highways and bridges, but could also be made to contribute a substantial amount toward other expenses. The present tax in each of the Prairie Provinces is seven cents a gallon. In each of the provinces there is a rebate of the substantial amount of the tax, such rebate being made in Alberta when the gasoline is used in airplanes, motor boats, stationary engines, tractors, municipal-owned vehicles and for any industrial purpose other than in the operation of motor vehicles. Saskatchewan also makes allowance for gasoline used in farming operations.

In the fiscal year 1935-36, rebates from the Alberta treasury to gasoline consumers amounted to $932,474, and if commissions be included to $1.01 million. This compares with net gasoline tax collections of $2.2 millions.

Other Sources of Revenue

Liquor profits also contribute a substantial amount to revenues of Alberta, the average annual earnings from this source for the five years ended March 31, 1934, being $1,715,248.

In addition to taxes and liquor profits, the province receives substantial annual subsidy from the Dominion Government. During the past two fiscal years, the subsidy has amounted to $1,771,475 per annum. Since the subsidy is based in part on population, the Government estimates that the subsidy will be increased by $242,900 for the fiscal year 1936-37, due to the population increase that will be shown in the quinquennial census of 1936.

In an accompanying table is a condensed summary of comparative revenue, figures of the three Prairie Provinces being given, classified as to source.

As can be seen from the table, current revenues in each of the provinces declined abruptly as a result of the financial and economic crisis. But the institution of corrective measures and subsequent general improvement have brought the latest revenues to a point exceeding the five-year average ended 1934 for both Manitoba and Alberta. Saskatchewan, however, has not yet obtained the same level of recovery.

Corrective Measures Taken

In order to meet the situation brought on by the depression, the Prairie Provinces endeavored to tap the various sources of revenue open to them both by increasing the rates of existing taxation and by the imposition of new direct taxes. Ordinary expenditures were also reduced, but the reduction was more than offset by rising relief expenditures.

As previously pointed out, each of the three provinces had a surplus on current account in the year 1928-29. Social service costs, education and all the various services of the Government were being supplied, and debt charges and taxes did not seems unduly burdensome.

The Course of the Depression

Pronounced change became evident in the fiscal year 1929-30. At that time there was a marked decline in the price of agricultural and other commodities. It also became increasingly difficult to sell accumulated stocks of goods even at reduced prices.

Despite further disintegration of the price structure in 1931 revenues of the three provinces showed fairly stubborn resistance to depressed prices and lower business activity, when compared with the decline in the dollar values of production. Current revenues, nevertheless, showed a severe drop, declining 14.7% in Alberta, 20% in Saskatchewan and 12.5% in Manitoba from 1928-29 to 1931-32. The big decline came in 1931-32.

Economical administration of Government services was not the only problem confronting Alberta and the other Prairie Provinces in 1931 and subsequent years. Drought, reduced prices and the general stagnation of business in western Canada created a problem of relief that reached enormous proportions. In order to offset this factor somewhat, the 1932 Alberta budget provided for increased taxation and substantial reduction in current expenditures, which were cut $1.6 million from the estimates of the previous year. In the estimates for the year, the only item on ordinary account showing an increase was service of the public debt. This arose from the substantial borrowings necessary to span the gap between current revenues and expenditures and to finance unemployment and agricultural relief. The burden of debt was also accentuated by the premium which the Government was required to pay for funds to meet obligations payable in currencies other than that of the Dominion of Canada.

The whole course of provincial finances in the latter part of the depression was evident in:

(a) Borrowing for relief and deficits;

(b) Increased debt charges;

(c) The raising tax rates and their maintenance at a higher level, and

(d) Reduction and control of flexible current expenditure. The following table indicates the course of current revenues and expenditures and debt charges resulting from these developments.

Current Revenues and Expenditures 1931-1935
(In millions of dollars)

Fiscal Year	Current revenue†	Debt chgs.‡	Other current expend.	Other current expend.†
Alberta				
1930-31	15.12	5.78	11.64	17.42
1931-32	13.03	6.43	11.50	17.93
1932-33	14.42	6.81	9.59	16.40
1933-34	14.55	6.94	9.06	16.00
1934-35	13.73	7.14	9.01	16.15
Saskatchewan				
1930-31	14.35	3.94	14.26	18.20
1931-32	11.92	5.35	12.39	17.74
1932-33	15.10	6.61	9.07	15.68
1933-34	14.35	7.32	8.43	15.75
Manitoba				
1930-31	18.53*	4.77	10.04	14.81
1931-32	12.27	5.30	9.41	14.71
1932-33	12.47	6.10	8.31	14.41
1933-34	14.12	6.64	7.58	14.22
1934-35	14.56	6.92	7.62	14.54

†Totals of ordinary revenue and expenditure differ from those in the public accounts because certain items have been netted or unnetted in order to place the provinces on as comparable basis as possible.

‡Includes sinking funds, exchange premiums, etc.

*Deferred subsidy from Dominion government included as ordinary revenue.

It will be noted from the foregoing table that the Prairie Provinces, through increases in existing taxes and the imposition of new taxes, increased their revenues from the low levels of 1931-32. At the same time expenditures were substantially reduced through control and measures of economy in Government services. These measures provided a substantial offset to the increase in debt charges necessitated by borrowing to meet the emergency created by the depression.

Huge Increase in Liabilities

Special capital requirements rising out of the depression, such as assistance to wheat pools, relief expenditures and budget deficits have been largely responsible for the increase in the public debt of the Prairie Provinces during recent years. Gross liabilities of Alberta to the public and the Dominion Government in the period April 1, 1930, to March 1, 1935, increased $43.2 millions. Saskatchewan's increase for the period 1930 to 1934 was $78.2 millions and Manitoba's from 1931 to 1935, $31.2 millions.

The fourth article of the series will deal with the public debt of Alberta.

Revenue in Alberta Shows Improvement

There is a marked similarity in the sources of revenue in each of the Prairie Provinces. During the depression each endeavored to tap the various sources of revenue open to them under their statutory powers, both by increasing the rates of existing taxes and by the imposition of new direct taxes.

As a result of this increased taxation and of general improvement in business, revenues in Alberta and Manitoba have recently climbed to a point exceeding the 5-year average ended 1934, although Saskatchewan has not yet attained the same level of recovery. The following table is a condensed summary of the amounts of provincial revenues classified as to source for each of the Prairie Provinces. The percentages are in relation to total ordinary revenues.

SUMMARY STATEMENT OF SOURCES OF CURRENT REVENUES IN PRAIRIE PROVINCES

	Alberta Amount $ 000's	%	Saskatchewan Amount $ 000's	%	Manitoba Amount $ 000's	%
Dominion Subsidy:						
5 yr. av. to 1933-34	1,698	11.7	2,071	14.4	1,631	11.7
1934-35	1,771	11.3	2,145	15.7	1,716	11.9
1935-36	1,771	10.8	.....	....	.....	....
Income Tax (Including wage tax in Manitoba):						
5 yr. av. to 1933-34	253	1.7	155	1.1	1,375	9.9
1934-35	470	3.0	297	2.2	2,791	19.4
1935-36	683	4.2	.....	....	.....	....
Taxes on Corporations (Including railway taxes):						
5 yr. av. to 1933-34	1,018	7.0	1,032	7.2	1,192	8.5
1934-35	996	6.4	588	4.3	1,262	8.8
1935-36	1,042	6.3	.....	....	.....	....
Gasoline Tax (Net):						
5 yr. av. to 1933-34	1,693	11.6	1,385	9.6	1,262	9.0
1934-35	1,946	12.4	1,494	11.0	1,834	12.8
1935-36	2,221	13.5	.....	....	.....	....
Amusement Tax:						
5 yr. av. to 1933-34	153	1.0	not levied		272	2.0
1934-35	121	0.8	not levied		123	0.9
1935-36	132	0.8	not levied		....	...
Succession Duties:						
5 yr. av. to 1933-34	487	3.4	261	1.8	505	3.6
1934-35	293	1.9	227	1.7	340	2.4
1935-36	271	1.7	.....	....	.....	....
Other Taxes:						
5 yr. av. to 1933-34	1,260	8.7	1,517	10.6	4	....
1934-35	1,222	7.8	1,605	11.7	38	....
1935-36	1,145	7.0	.....	....	.....	....
Motor Licenses:						
5 yr. av. to 1933-34	1,682	11.5	1,572	10.9	984	7.1
1934-35	1,618	10.3	1,199	8.8	1,051	7.3
1935-36	1,425	8.7	.....	....	.....	....
Liquor Act Revenues:						
5 yr. av. to 1933-34	1,715	11.8	1,590	11.1	1,492	10.7
1934-35	1,526	9.7	1,028	7.5	1,015	7.1
1935-36	1,844	11.2	.....	....	.....	....
Miscellaneous Revenues:						
5 yr. av. to 1933-34	4,609	31.6	4,796	33.3	4,212	37.5
1934-35	5,686	36.3	5,100	37.3	4,213	29.3
1935-36	.....	....	.....	....	.....	....
Total Revenues:						
5 yr. av. to 1933-34	14,569	100.0	14,380	100.0	13,933	100.0
1934-35	15,651	100.0	13,687	100.0	14,384	100.0
1935-36	16,407	100.0	.....	....	.....	....

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the Windsor is the center of the business and social life of the city. It is famed for the quality, variety and excellence of its cuisine and is the home of the leading Service Clubs. Men of affairs naturally stop at the Windsor because of its reputation for dignified comfort and unobtrusive, courteous service.

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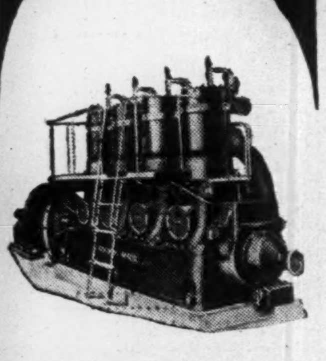
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In The Construction World

Cost of Materials Beginning to Rise

UNFORTUNATELY the average man either is not in a position or has little interest in purchasing a product at the lowest price level. It is not until costs commence to rise that he comes into the market. This appears to be just as true of building as of common stocks.

Four years ago the costs of building materials reached the lowest point in over 15 years. According to the Dominion Bureau of Statistics the index figure for a representative list of materials was well under 80, compared with 100 in 1926. But in 1932 total volume of building in Canada was the lowest recorded in a generation. Bridges, factories, houses and skyscrapers could have been put up in that depression year for 75% of the cost prevailing during the boom period.

Today with the index figure standing at close to 85, construction costs may still be considered relatively low, but judging by the sharply rising trend of the last few months that favorable condition cannot be expected to continue indefinitely. However, stimulation provided by these rising costs may prove necessary to revive interest sufficiently to put the construction industry on a par with the recovery that has taken place in most other lines of Canadian business.

* * *

House Building Shows Improvement

RESIDENTIAL building in Canada may still be far below the expectations of those who hoped to see the present house shortage remedied speedily, but at least it is forging steadily ahead of the pace of recent years. Based on the volume of the first 10 months, this type of construction should run over $42 millions this year, or an increase of 20% above 1935.

Translated into $2,900 houses, the average cost of the residential projects recorded in recent months, an outlay of $42 millions means that Canada will enter 1937 with 15,000 more homes than in the previous year. It is estimated that building could proceed at twice this rate in order to keep our present population normally and comfortably housed but 15,000 new houses represents a considerable advance over the 10,000 Canada was building three years ago.

* * *

Labor Gains From Construction

THIS residential building puts a great deal of new money into the pay envelopes of unskilled and semi-skilled labor. It goes directly into the hands of that class of workers hardest hit by the depression. Many, now busy with pick, shovel, hammer and trowel, were last year either wearing out shoe leather in an effort to obtain employment or were on relief. In providing gainful work probably lies the greatest contribution of construction in general and residential construction in particular. But there are other advantages as well.

* * *

Materials Use Widely Spread

NOT a single modern house is built in Canada but the effect spreads through more than a score of industries. Even in modest $2,000 bungalows the steel industries benefit through sales of plumbing pipe and fixtures, nails, furnaces and other heating equipment, hardware and metal sheathing. Building materials companies supply glass, cement, plaster, roofing and insulation. Gallons of paint and stain are consumed. Lumber gives employment and profit to local mills, the railways and the distant camps in the bush. But the benefit does not stop here.

After the owner or tenant moves in there will be an immediate expenditure of anything from $100 to $1,000 for stoves, refrigerators, electric fixtures, blinds, furniture and other fittings. Even when the new owner comes from another house there is always considerable buying of such equipment.

* * *

Modern Houses Represent Big Advance

TO THESE new owners, too, there is also a contribution. Assuming that a reputable contractor has completed the job, the modern house has as much in the way of improvement to offer as that of the 1937 motor car in comparison with the vehicle of 10 years ago.

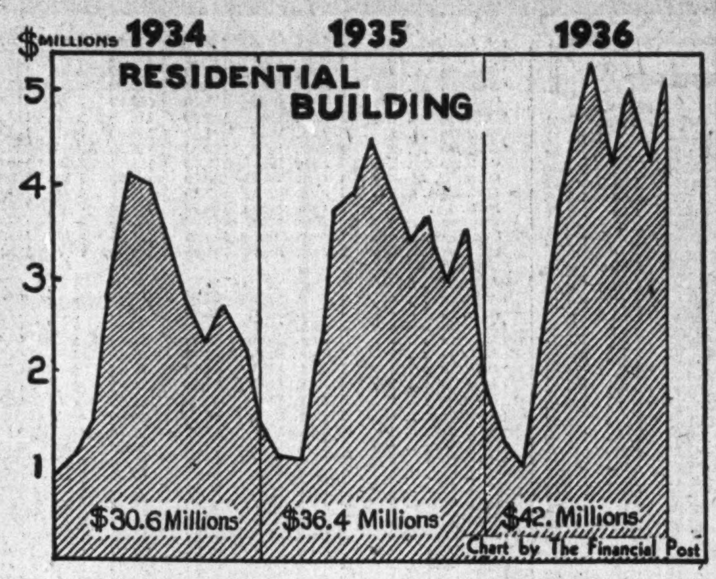
Potential home buyers are not content with a mere shell today. They demand and are getting something more than that. True, they want solid outer walls, certainly, but, incorporated in those walls, they demand and are getting insulation.

Inside the home they seek convenience. They want and are getting houses that are well planned, well lighted and well fitted with modern conveniences; homes which can be maintained at a reasonable outlay and are nearly automatic in their operating requirements.

Montreal Textile Firm to Build Toronto Plant

Holdworth Co., of Montreal, a textile firm, has recently purchased a one acre site in Toronto. On this it is proposed to erect a building containing dye-house, wet room, finishing room and boiler house which with land, plant and equipment represent an outlay of approximately $75,000. Building plans have been prepared and it is expected to have the new plant in operation by the middle of March.

Current House Building Back to 50% of Normal



To observers living in one of the rapidly expanding residential suburbs of Vancouver, Toronto, or Montreal the current year appears to have been a big one in house construction. Those living elsewhere, however, have expressed exactly the opposite view. A survey of the last 15 years would indicate considerable accuracy in both contentions.

Better But Still Behind

Compared with anticipations and based on the under building of the last decade, residential construction in 1936 has been disappointing. But compared with the rate of this type of building since 1931 there has been substantial progress.

With two months yet to be reported, total construction to date is already above the volume for the whole of 1935, is 25% higher than 1934 and fully a third ahead of 1933.

Assuming that November and December will witness at least as much construction as the same two months last year—and present indications point to more than this—then something like $42.5 millions will be spent on houses and apartments in Canada this year. Such will be the best report since 1931 but is far short of the building in that year or of the average for the four years preceding 1927.

Cold Spring Retards

Incidentally the accompanying chart illustrates weather as well as residential building. In the current year, for instance, abnormally cold temperatures in March and April are clearly reflected in the late start. As a usual thing and for obvious reasons, the bulk of house and apartment construction is carried out during warm weather. Contractors delayed operations last spring but when once they got into their stride in late April, they continued volume at a much higher level than had been the case for several years.

Moreover with this type of construction showing a $2 millions advance in October over the same month a year ago, it is evident this volume is going to be maintained until considerably later in the autumn than is usually the case. The new modernization loans which became a factor from Nov. 1, on, are expected to stimulate still further this late construction.

Many Ups and Downs

It is rather difficult to arrive at anything like an accurate yearly average for residential building in Canada. The business has always been featured by booms and slumps. There was an outburst just before the Great War. At the tail-end of 1913 an ebb had already set in and from then until well after the armistice there was little construction of this kind.

Contractors got busy again in 1922 and building rolled up an annual total of well over $100 millions until 1930. Apparently the house shortage was relieved before that year, because both values and activity began to fall sharply. This trend culminated in the abnormally low volume of less than $24 millions in 1933.

CANADIAN HOUSE BUILDING
MacLean Building Reports

Year	Total $	Building Materials Costs†
1936*	36,718,000	84.8
1935	36,408,500	81.2
1934	30,588,000	82.5
1933	23,929,000	78.3
1932	28,892,000	77.2
1931	81,684,000	81.9
1930	93,291,000	90.8
1929	128,901,000	99.0
1928	139,166,000	97.4
1927	124,939,000	96.1
1926	109,562,000	100.0
1925	96,490,000	102.9
1924	91,225,000	106.6
1923	97,645,000	111.9

*10 months only.
†1926 = 100.

Costs Still Down

Since 1933 there has been steady progress and more than total figures would indicate. In the pre-depression period it should be noted that building costs were considerably higher than those ruling in the last three years. Materials ranged all the way from an index figure of almost 112 in 1923 down to 96 in 1927. This compares with the Dominion Bureau of Statistic's normal of 100 in 1926.

Now in the last three years materials while showing an unmistakeable tendency to rise, nevertheless have ruled close to 22 points below the 1923-27 period. Making the fair assumption that labor costs have fluctuated in the same proportion, then some 20% should be added to recent figures to make a fair comparison with the total of the pre-depression era.

Average Needed $100 Millions

The annual pre-depression average of $100 millions for new houses and apartments in Canada would seem to be somewhere around normal. It was the equivalent of about 30,000 new, $3,000 to $3,500 houses each year which would allow a normal life of 50 years for each of our two million homes in Canada.

Granted modernization is going to reduce the comfortable if not actual life of the average house considerably below 50 years, nevertheless, if all types of homes are included, rural as well as urban, a 2% depreciation probably represents a fair average.

At $100 millions of new housing a year, then Canada was keeping up with normal requirements between 1923 and 1926. For the next five years building was 20% in excess of the average, which surplus either went to make up the deficiency occurring during the war period or into provision of quarters which were not to be fully utilized until the depression. In the latter period, however, any surplus carried over was soon absorbed when building fell to an annual average of less than $40 millions from 1931-1936.

Now 50% of Normal

Now with lower building costs than in 1926 it may be assumed that Canada's residential building is back to about 50% of normal.

But something better than twice the present activity will be needed for a period of at least five years to bring accommodation up to the average requirements of a nation such as ours.

This would mean instead of approximately 15,000 $2,500 to $3,500 houses (exclusive of land) or the equivalent in apartments as are being built at present, this figure must be stepped up to 30,000.

United States Building Gains

Private Construction Is Gradually Catching Up With Public Activity

United States construction is now back to 60% of the 1922-25 average. As in Canada private contracts are beginning to replace large governmental expenditures which were used to stimulate the industry during the depression. For the first nine months of the current year total in all main lines already easily exceed the whole year's volume in 1935.

The present position in the principal eastern states is summarized in the following table prepared by F. W. Dodge Corp.:

U. S. Building Contracts
(In millions of dollars)

	Publicly financed	Privately financed Total	Residential	Other
1932	768	583	280	303
1933	683	573	249	324
1934	975	568	249	319
1935	1,007	837	479	358
1936—9 mos.	1,052	982	588	394

More Private Building

It will be noted that while government contracts continue to expand, on the other hand there has been a much bigger expansion in the total of private building. The latter have advanced from under six points in 1934 to almost 10 for the first three quarters of 1936, while government contracts in the same period have risen only from 9.75 to 10.5.

Residential building in the United States is now estimated at 46% of the 1923-25 average, which represents a very substantial gain from the 12% average which prevailed in the three years immediately preceding 1935. In this respect the situation closely parallels that of Canada.

The American increase has been principally in one and two-family houses, contracts for which are currently at about the same level as in 1930. Awards for apartment houses have been much smaller relative to their volume in pre-depression years, although they increased substantially in August and September.

Full Air-Conditioning For Big Office Building

Windows will admit light and scenery but nothing else in the 20-story Victory Building now nearing completion in Toronto. It is expected the sash will be permanently sealed because with the complete air-conditioning being installed it is neither necessary nor desirable for tenants to admit outside air or temperatures. This sort of thing will all be controlled from the basement.

Owners claim this will be the first completely air-conditioned commercial office building in Canada.

Purchased for $115,000

The Victory Building was started during the tail-end of the post-depression boom in 1929 but abandoned in November of that year for lack of finances. With concrete poured to the 19th floor but with only a few floors brick-faced, and with no roof or windows the skeleton stood empty until early this fall. Then it was purchased for approximately $115,000 by A. R. Roberts, Toronto engineer. It is now being completed at an estimated cost of $600,000 and should be ready for occupancy by next March.

Atmosphere Controlled

Powered by a 100-h.p. motor the air-conditioning unit, it is claimed, will change the air in the entire building 10 times an hour adding 10% new filtered and humidified air from outside on each circulation. No matter what the day may be like outside, temperature within the building will never be allowed to exceed 75 degrees. Humidity will also be under similar rigid control both summer and winter.

To obtain comfortable conditions on broiling summer days a special cooler capable of using up to 25,000 gallons of always-cold Lake Ontario water per hour will be employed. Air pressure throughout the big building will be maintained slightly above that of outside so that in case some crack about windows or doors develop, the resulting draft will be outward and not in. Such a development, it is stated, is a final precaution of air-conditioning installation against possibility of colds to office occupants. Properly installed, advocates of this construction innovation claim it materially adds to efficiency of any office force, eliminating dangerous and time-robbing colds in the winter months and permitting full work on summer days when the mercury may soar to 100 degrees or higher.

Cost of Air-Conditioning

What will a complete air-conditioning installation add to the rent?

The answer will vary, naturally, with the size of the building and the initial cost of that building. Under fairly average conditions, however, and for a structure about the size of the Victory Building, with its 90,000 square feet, it is estimated the annual cost would be equivalent to 25 cents per square foot or about 10 to 15% of the rent. Installation in a building already completed, it is estimated would cost more.

Capital cost, it is estimated, would be in the neighborhood of $75,000 on which annual depreciation would be from 5 to 10%. While operation of most systems is practically automatic, or at least requires no more attention than could be given by the normal building maintenance staff, there is considerable annual expenditure for power, water and other materials used. Big, powerful fans will be running almost constantly, while in an extreme spell of hot weather like that experienced for a week in Eastern Canada last summer, a water bill of $75 per day is possible.

Want Personal Comfort

Nowadays, it is argued the average office building tenant is looking for more than building convenience. He takes good locations, fast elevators, fire resistance, and cleanliness for granted. In addition to all these points, however, he is also beginning to expect, if not demand, no excessive heat in summer, no glaring or inefficient lighting, no draughts but plenty of fresh air and no objectionable noises. Modern lighting, sound absorbing walls, ceilings and floors, and air-conditioning, it is claimed take care of all these expectations.

Gypsum Lime Sells Gyproc

English Interests Take Over Full Control of British Subsidiary

From Our Own Correspondent

MONTREAL.—Gypsum, Lime and Alabastine, Canada, has sold its minority interest in Gyproc Products Ltd., an associated company operating in Great Britain, to Honeywill & Stein, a subsidiary of Distillers Corp. Gypsum, Lime and Alabastine will continue to act as consultants and technical advisors on a retaining fee basis.

Gyproc Products was formed in 1933 with head office at London, Eng., to manufacture the company's products for distribution in Great Britain. The issued capital amounted to £60,000, of which £24,000 were taken up by Gypsum, Lime and Alabastine and the balance by Honeywill and Stein.

The new plant which was erected at Rochester, Kent, went into production in June, 1934. In the 1935 report, it was stated that this plant was operating profitably and at full capacity.

New Building

Steel Co. of Canada, Ltd., Hamilton, Ont., has called for tenders for the first unit of additions to its plant, including open hearth extensions.

* * *

Canadian Gypsum Co. Ltd., Toronto, is constructing important additions to its Hagersville, Ont., plant, including a warehouse and additions to board plant, according to an announcement by the Daily Commercial News and Building Record, Toronto.

* * *

Canadian Spool Cotton Co. is building a $40,000 warehouse and $40,000 bleach and dye house at its textile products manufacturing plant in Montreal.

* * *

Canadian Steel Foundries Ltd., subsidiary of Canadian Car and Foundry Co. Ltd., Montreal, is constructing an addition to its foundry at Longue Pointe.

* * *

Bell Telephone Co. of Canada has called for tenders on a proposed telephone exchange building on Côte des Neiges Road, Montreal.

* * *

The Arner Co., Fort Erie, Ont., manufacturer of chemical products is considering an addition to its plant at Fort Erie.

* * *

Belding-Corticelli Ltd. is making additions and alterations to the boiler plant at its textile factory at Coaticook, Que.

* * *

Kraft-Phenix Cheese Co. has acquired a building site in Toronto, on which the company will erect a two-story building for offices and storage, including a refrigeration plant. The new plant will be completed early next spring.

* * *

Organization of a company to manufacture jute and cotton bags is announced at Moose Jaw, Sask.

* * *

Stovel Ltd., Toronto, Ont., processing company, is opening a new plant at Tavistock, Ontario for paraffining turnips for urban markets.

* * *

Body building plant and equipment of **Universal Sales Ltd.**, Saint John, N.B., are being moved to larger quarters in the Canada Veneers building, Saint John. Chassis and engines are imported from England and bus bodies constructed at the Saint John plant.

* * *

North Star Tanning Co. is establishing a new tanning plant in Humboldt, Sask. Production will be marketed locally and to wholesale leather firms.

* * *

Mono Ltd., affiliated with Mono Service Inc., Newark, N.J., has leased 16,000 feet of floor space in the former Dominion Motors plant at Leaside, Ont. Special machinery will be installed for the manufacture of paper containers for food and dairy products.

* * *

Goodyear Tire and Rubber Co. of Canada Ltd. has commenced construction of an addition to its branch factory at Bowmanville, Ont.

* * *

Nordic Hosiery Ltd. is planning construction of a one-story addition to its plant at Granby, Que.

* * *

Beattie Gold Mines Ltd. is erecting a new $630,000 concentrating plant at its gold mining property in Duparque Township, Abitibi County, Que.

* * *

Murphy Co. Ltd., manufacturer of paints and varnishes, plans construction of a $55,000 addition to its paint manufacturing plant in Montreal.

* * *

To meet an increasing demand for its products the **British Columbia Pulp and Paper Co. Ltd.**, proposes improvements and plant extensions to cost about $400,000 this year.

* * *

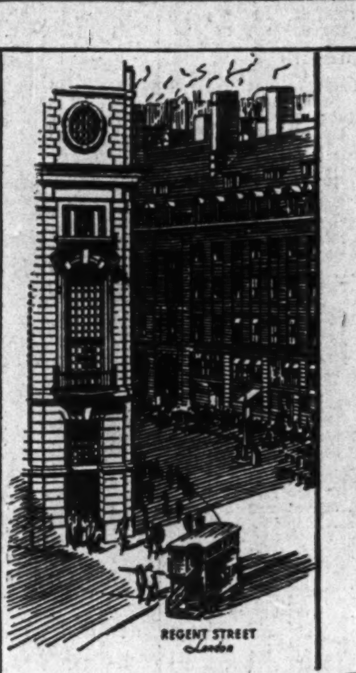
Canadian Westinghouse Co. has erected a service and repair shop at Swastika, Ont., to meet the requirements of the mining districts of Northern Ontario.

* * *

Dominion Textiles Co. Ltd. has awarded a general contract for erection of a $40,000 addition to its warehouse at Magog, Quebec, according to an announcement by the Daily Commercial News and Building Record.

* * *

Flash Fasteners of Canada Ltd., a newly-formed company, has leased space in a Toronto plant and will commence operations as soon as machinery is installed.



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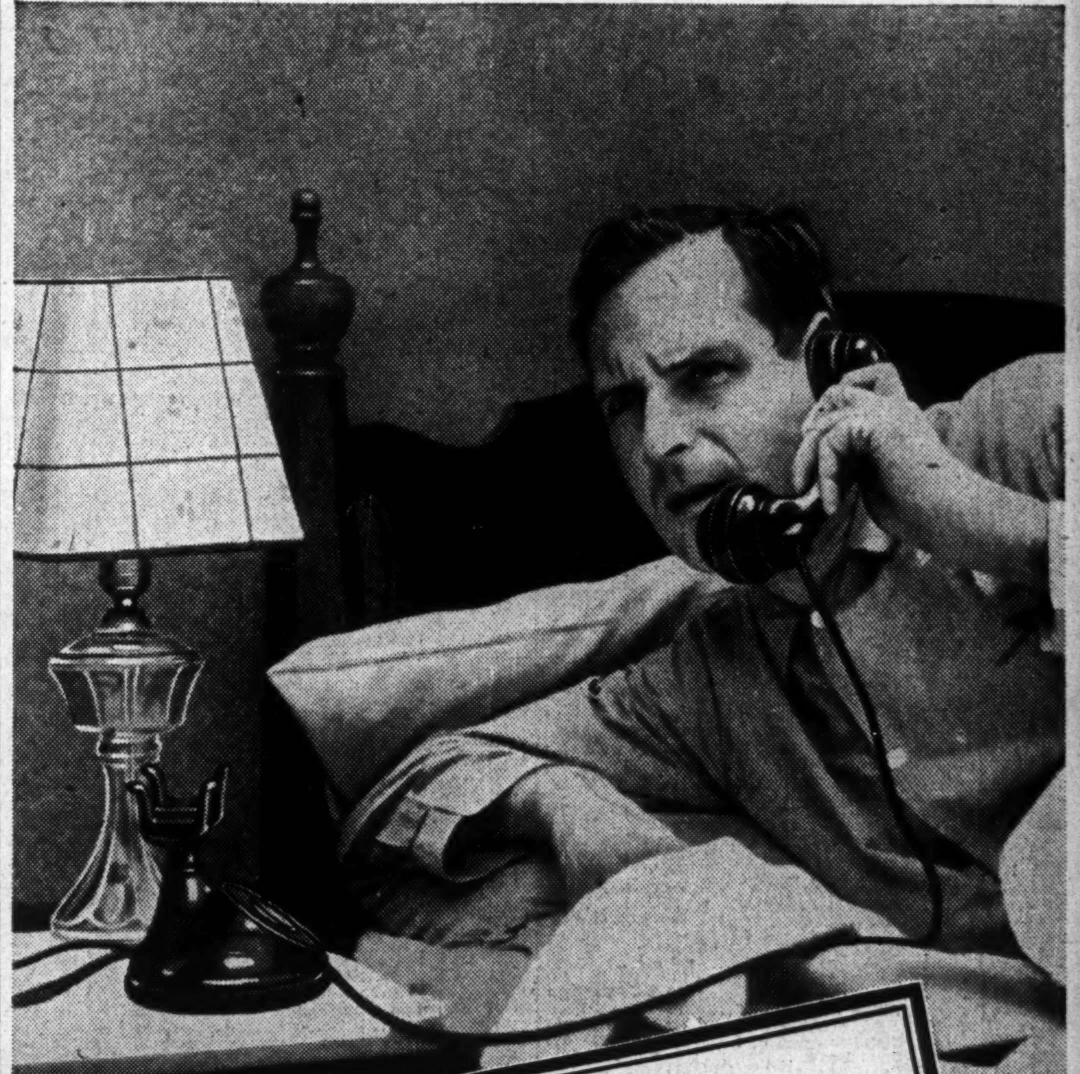
"Thanks for Your Advertisement . . . now I can go to sleep!"
A recent telephone advertisement began: "Somewhere, someone would be happy to hear your voice. Perhaps it's a boy at school, a convalescent friend, a husband travelling, or a mother back home and lonely." A few days after its publication a letter reached the Telephone Company:—
"Alone in my room tonight," it read, "in this little "mountain town, thinking of my little red-headed "boy at home sick, I saw your advertisement and "called home. Now I can go to sleep. Thank you "for your advertisement."
Often an inexpensive Long Distance call brings comfort and relief. The rates are surprisingly low. On BOTH "Anyone" and "Person-to-Person" calls, Low Night rates apply after 7 p.m. and Low Week-end rates ALL DAY SUNDAY.
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STOCK AND BOND MARKET QUOTATIONS

Montreal, Toronto, Curb

The following table is confined to official prices for listed stocks. Where no recent transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING NOVEMBER 16

Range 1936 High	Low	Div R'te $	Nov14 Y'ld %		Sales	Last Nov. 9	Week end. Nov. 16 H	L	Cl'se
				A					
4.65	1.25	.	...	Abitibi	10605	3.75	3.75	3.37	3.50
24½	6½	.	...	Do. pref. 6%	2831	22	23	21½	22½
23½	6½	.	...	Do. cert. dep.	185	22	22½	22	22
5	4½	.	...	Acadia Sugar ..	....	(4½ bid — asked)			
21	14½	50c	2.8	Acme Glove ...	125	17	19	18	19
100	94	6.50	6.9	Do. pref.	....	(— bid 97 asked)			
10	7½	40+20c	7	Agnew Surp. ..	220	8½	8½	8½	8½
110	100	7	6.5	Do. pref.	20	100	108	107	108
6	2	.	...	Alta. Pac. Gr...	1585	3	3½	3	3½
39	19	.	...	Do. pref.	425	25½	26½	25	26
54½	54½	.	...	Aluminium ...	....	(54½ Sept. 24)			
4½	2	.	...	Amal. Electric .	....	(5 bid — asked)			

Government Bonds

November 18, 1936

Dominion of Canada Bonds				Bid Nov. 18	Asked Nov. 18	Approx. Yield	Bid Nov. 11
†‡Dominion	5	1 Mar.	1937	101.00	101.50	...	101.00
‡Dominion	5½	1 Dec.	1937	104.25	104.75	.52	104.35
Dominion	2½	15 Oct.	1939	103.00	103.50	1.28	102.75
Dominion	4	15 Oct.	1939	107.00	107.50	1.36	106.75
Dominion	2	15 Nov.	1939	102.00	102.50	1.16	101.75
Dominion	1½	1 June	1940	100.15	100.65	1.31	99.80
Dominion	4½	1 Sept.	1940	109.50	110.00	1.79	109.00
Dominion	1	15 Mar.	1941	97.75	98.25	1.41	97.50
Dominion	5	15 Nov.	1941	113.65	114.15	2.01	113.00
Dominion	3	15 Oct.	1942	104.65	105.25	2.05	104.75
Dominion	2½	1 June	1943	101.85	102.35	2.11	101.35
Dominion	5	15 Oct.	1943	114.65	115.15	2.59	114.00
Dominion	4½	15 Oct.	1944	112.75	113.25	2.63	112.00
■Dominion	2½	15 Aug.	'43-45	100.00	101.50	2.26▲	100.80
Dominion	4	15 Oct.	'43-46	109.50	110.00	2.44▲	108.90
Dominion	4½	1 Feb.	1946	112.75	113.25	2.86	112.00
Dominion	3½	15 Oct.	'44-49	105.25	105.75	2.69▲	104.75
Dominion	4	15 Oct.	'47-52	108.50	109.00	3.03▲	107.90
Dominion	3	1 June	'50-55	100.50	101.00	2.91▲	99.85
Dominion	4½	1 Nov.	'46-56	111.75	112.25	3.07▲	111.25
Dominion	4½	1 Nov.	'47-57	111.75	112.25	3.17▲	111.25
Dominion	4½	1 Nov.	'48-58	112.35	112.85	3.20▲	111.85
Dominion	4½	1 Nov.	'49-59	112.50	113.00	3.26▲	111.95
■Dominion	3¼	15 Jan.	'56-61	103.50	104.00	2.98▲	102.80
Dominion	3¼	1 June	'56-66	101.50	102.00	3.11▲	100.85
♦Dominion	3	Perp.	bonds	96.50	97.00	3.09	95.90
Dominion Guaranteed Bonds							
*G. T. P. Ry.	3	1 Jan.	1962	100.50	101.50	2.91	100.00
Can. N. Ry.	3	1 May	1944	103.50	104.50	2.34	103.00
Can. N. Ry.	3	15 Dec.	'45-50	100.00	101.00	2.87▲	99.50
Can. N. Ry.	3	15 Feb.	'48-53	99.75	100.75	2.92	99.25
*Can. N. Ry.	4½	1 Sept.	1951	114.75	115.75	3.17	114.25
*Can. N. Ry.	4½	1 Feb.	1956	115.25	116.25	3.36	114.50
†Can. N. Ry.	4½	1 July	1957	114.35	115.35	3.47	113.50
*Can. N. Ry.	4¾	15 June	1955	117.25	118.25	3.43	116.75
Can. N. Ry.	5	1 Feb.	1954	118.00	119.00	3.53	117.25
*Can. N. Ry.	5	1 July	1969	118.00	119.00	2.81▲	117.50
*Can. N. Ry.	5	1 Oct.	1969	119.25	120.25	3.37▲	119.00
*M. Harb. C.	5	1 Nov.	1969	119.25	120.25	3.37▲	119.00
Eastern—Provincial Government Bonds							
N. Bruns. ..	4	1 Sept.	1954	103.00	104.00	3.69	103.00
†N. Bruns. ..	4½	15 Apr.	1961	109.00	111.00	3.82	109.00
†N. Bruns. ..	5	15 Jan.	1960	113.00	115.00	4.01	113.00
N. Scotia ..	3	2 Sept.	1945	98.00	100.00	3.00	98.00
N. Scotia ..	4½	15 May	1943	107.00	109.00	2.98	107.00
†N. Scotia ..	4½	15 Sept.	'47-52	109.00	111.00	3.30▲	109.00
†N. Scotia ..	5	1 Mar.	1960	115.25	117.25	3.87▲	115.25
*Ontario ...	4	1 June	1962	107.00	108.50	3.50	106.50
*Ontario ...	4½	1 Sept.	1944	112.50	113.50	2.62	112.50
Ontario ...	4½	1 June	1950	111.50	112.50	3.37	111.00
*Ontario ...	4½	15 Jan.	1962	112.50	114.50	3.62	112.50
Ontario ...	5	15 Oct.	1948	114.50	115.50	3.41	114.00
*Ontario ...	5	2 Dec.	1960	120.50	122.50	3.59	120.00
Ontario ...	5½	1 July	1946	115.75	116.75	3.42	115.00
O. H. C.	3½-4-5	1 Oct.	'36-52	100.00	101.00	1.20▲	100.00
Ont. Hyd. C.	4¾	1 Jan.	1970	117.00	119.00	3.74	117.00
P. E. I.	3	1 Oct.	1945	100.50	101.50	2.82	100.50
Quebec	4	15 Mar.	1952	107.00	109.00	3.28	107.00
Quebec	4¼	1 Aug.	1958	110.25	112.25	3.45	110.25
Quebec	4½	2 Jan.	1963	112.00	114.00	3.67	112.00
Western—							
Alberta ...	4	15 Dec.	'49-54	62.00	65.00	§	62.00
†Alberta ...	4	1 Dec.	1957	63.00	66.00	§	63.00
Alberta	4½	1 Oct.	1951	72.50	75.00	§	72.50
†Alberta ...	4½	1 Oct.	1956	65.50	67.50	§	67.00
†Alberta ...	5	1 Jan.	1948	66.00	68.00	§	68.00
Alberta ...	5	1 Sept.	1955	65.00	68.00	§	66.00
*Alberta ...	5	1 Oct.	1959	66.00	69.00	§	68.00
†Alberta ...	5½	1 Jan.	1947	67.00	69.00	§	69.00
Alberta ...	6	1 Mar.	1947	68.00	70.00	§	69.00
†Brit. Col. ..	4	1 Dec.	1957	88.00	90.00	4.74	88.00
*Brit. Col. ..	4½	15 Jan.	1951	93.50	95.50	4.94	93.50
†Brit. Col. ..	4½	1 Oct.	1953	93.00	94.50	4.98	93.00
†Brit. Col. ..	5	15 Jan.	1948	96.00	98.00	5.23	96.00
Brit. Col. ..	5	1 Sept.	1953	95.00	97.00	5.27	95.00
Brit. Col. ..	5½	1 Feb.	1945	97.00	98.00	5.80	97.00
Brit. Col. ..	6	15 Feb.	1947	98.50	99.50	6.06	98.50
Manitoba ..	4	2 Jan.	1960	86.00	88.00	5.25	86.00
†Manitoba ..	4	1 Dec.	1957	87.00	89.00	4.83	86.00
†Manitoba ..	4½	15 Dec.	1956	89.00	91.00	5.22	90.00
†Manitoba ..	5	15 June	1954	95.00	97.00	5.26	95.00
*Manitoba ..	5	2 Dec.	1959	97.00	99.00	5.07	96.00
Manitoba ..	5½	1 Oct.	1955	95.00	97.00	5.76	94.00
Manitoba ..	6	1 Apr.	1947	97.50	99.50	6.06	96.50
Sask.	4	15 Aug.	1953	76.50	78.50	6.04	76.00
Sask.	4	1 Nov.	'55-60	75.50	77.50	5.74	75.00
*Sask.	4½	2 July	1945	86.00	87.50	6.40	85.00
†Sask.	4½	1 Oct.	1951	84.50	85.50	5.97	83.00
†Sask.	4½	15 Mar.	1960	82.00	84.00	5.75	81.00
Sask.	5	1 Aug.	1958	85.50	87.50	6.03	84.00
†Sask.	5½	15 Nov.	1946	92.00	93.00	6.46	90.00
Sask.	5½	1 Oct.	1952	90.50	92.00	6.30	89.00
Sask.	6	15 Mar.	1952	92.50	94.00	6.63	92.00

*Payable Can . N.Y. & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. ■Payable N.Y. ‡Exempt from Dominion income tax. ♦Callable on or after Sept. 15, 1966. §Traded flat. Interest being paid at 50% of coupon rate; minimum rate 2%.

Mining Stock Quotations

WEEK ENDED NOV. 16

Par. Val.	Range 1936 High	Low	Company	Sales	Close Nov. 9 (or last)	High for week	Low for week	Close Nov. 16
1	.13½	.04	Afton	46,000	.08½	.08½	.07½	.08
No	1.58	.88	Aldermac	149,790	1.41	1.41	1.25	1.27
1	.10	.01½	Alexandria	34,600	.03½	.04	.03½	.03½
1	2.50	.83	Sullivan Cons.	23,004	1.91	1.95	1.85	1.85
1	3.65	2.25	Sylvanite	12,720	3.55	3.55	3.30	3.30
1	.68	.14	Tashota	76,700	.17	.17	.14	.15

Corporation Bonds

Supplied by the Investment Dealers' Assoc. of Can.

November 17, 1936

Public Utility Issues:	Int. Rate %	Due	Bid Nov. 17	Asked Nov. 17	Bid Nov. 10
*Ass. Tel. & Tel.	5½	'55	85	88	86
Avalon 'Phone.	5½	'48	..	..	102½
Beauharnois P.	5	'73	47	50	46
*Bell Telephone	5	'55	114½	117½	114½
*Bell Telephone	5	'57	121½	124½	121
†B. C. Power ..	5	'60	105	106½	105
†B. C. Power ..	5½	'60	105	106½	105
†B. C. Telephone	5	'60	105½	108½	105½
*Calgary Power	5	'60	97	100	97
†Can. Nor. Pwr.	5	'53	103	106	103
*Dom. Gas & E.	6½	'45	93½	96½	92½
*Gatineau Pwr.	5	'56	101½	104½	101
*Gat. Power, A	6	'41	99½	102½	99
*Gat. Power, B	6	'41	99	102	98
*Inter. Hydro-E.	6	'44	65	68	65½
*Inter Power ..	6½	'57	99	102	99
†Maclaren-Que. Power	5½	'61	91½	94½	89
†Maclaren-Que. Power	5½	'64	91	94	88½
†Mtl. Island Pr.	5½	'57	104½	107½	104½
†Mtl. L. H. & Pr.	3½	'56	101	104	101
†Mtl. Tramways	5	'41	102½	105½	102½
†Mtl. Tramways	5	'55	85½	88½	85
Nfld. L. & P. .	4½	'56	100½	103½	100½
†N. S. L. & Pr.	5	'58	103½	106½	103½
N. S. L. & Pr.	5	'65	102½	..	102½
†Ottawa L.H.&.P.	5	'57	105	108	105
†Ottawa Tract. .	5½	'56	101	104	99½
†Ottawa V. Pwr.	5½	'70	78½	81½	77½
†Power Corp. .	4½	'59	99½	102½	99½
*Quebec Power.	5	'68	103½	106½	103½
Saguenay Pwr.	4½	'66	104½	107½	104½
†Shaw. W. & Pr.	4	'61	99½	102½	99
†Shaw. W. & Pr.	4½	'70	103½	106½	103
†South. Can. Pr.	5	'55	104	107	104
†United Secs. ..	5½	'52	81	84	82
*Winnipeg Elec.	4½	'60	104	107	104
*Winnipeg E., A	4	'65	76	79	73½
*Winnipeg E., B	4	'65	66	69	63½
Industrial and Realty issues:					
†Abitibi Pr. & P.	5	'53	67½	70½	66½
Acadia Sugar .	4½	'55	101	104	101
†Alta. Pac. Gr.	6	'46	96	99	95½
Asbestos Corp..	5	'42	108½	111½	108½
B. A. Oil	4	'45	103	106	103
Canada Bread .	6½	'41	109	112	109
†Canada Cement	4½	'61	103½	106½	103½
†Can. Steamship	6	'41	56	59	56½
Candn. Canners	4	'51	99	102	99½
Can. Bakeries .	6½	'45	94	..	94
*Candn. Inter. P.	6	'49	99½	102½	98½
C. P. R.	3½	'51	99½	102½	97½
C. P. R.	4	'49	103½	106½	103½
C. P. R.	4½	'44	102½	105½	102½
C. P. R.	4	Perp.	96½	97½	96
†Candn. Vickers	6	'47	98	101	97
†Consol. Paper .	5½	'41	64	67	65
*Dominion Coal	6½	'55	99½	102½	100
Dom. Sq. Corp.	6	'48	60	65	60
‡Dom. Stl. & C.	6½	'55	77½	80½	76
†Dominion Tar .	4½	'51	99	102	98½
Dom. Textile .	4½	'55	106	109	106
†Donnacona P.	3-4-4½	'56	80	83	79
†Eastern Dairies	6	'49	73½	81½	77½
†Famous Players	4½	'51	98½	101½	98½
†Federal Grain.	6	'49	98½	101½	98½
†Fraser Comp. .	6	'50	102½	105½	101½
†Gen. Steel W.	6	'52	103½	106½	103½
*Gt. Lakes Pap.	5	'55	82½	85½	83½
†Gypsum L. & A.	5½	'48	102½	105½	102
†Gr. Br. & Can. Invest.	4½	'59	85	88	85
Hamilton Cot.,	5½	'48	103	106	103
*Ham. By-Prod. Coke	5	'50	101	104	101
*Hinde & Dauch	5½	'48	103	106	103
†Inter. Paper ..	6	'55	96	99	95
†Inter. P. & P. Nfld.	5	'68	102	105	102
Inter. City Bak.	5½	'48	103½	106½	103
Inter-City West. Bakeries	6½	'50	55	60	54½
†Kingston Elev.	6	'50	96½	99½	96½
†Lake St. John P. & P.	6½	'47	117½	120½	118
†Lake St. John P. & P.	6	'42	93	96	94½
†Lond. Can. Inv.	4½	'48	93½	96½	93
†Maple L. Mill.	5½	'49	84½	87½	85½
†Massey-Harris.	5	'47	93½	96½	90½
†McColl-Front. .	6	'49	104	107	104
†Mercury Mills.	5½	'53	75½	79½	73½
†Mersey Paper .	6	'49	98	101	98
*Minn. & Ont. P.	6	'45	46	51	48½
Mtl. Dry Docks	6	'48	88½	92	87
Nat. Grocers ..	4	'36-'47	101½	..	101½
†N. A. Elevators	6	'50	98	101	98
Nor. Ont. Bldg.	6½	'39	96½	..	95½
*Prov. Paper ..	5½	'47	103	106	103
Queen's Hotel.	6	'47	98	101	98
*Reliance Grain	6	'48	103	106	103
†Restigouche Co.	6	'48	110½	113½	110
Rich. Bay Bldg.	6½	'47	100½	..	100½
†Rolland Paper.	4½	'51	102½	105½	102½
Ruddy & Co. .	6½	'48	97½	100½	97½
†Smith, Howard	4½	'51	101	104	101
*Spruce F. P & P	5½	'42	101	104	101
†Steel of Can. .	6	'40	113	116	113
Sterling Coal .	6	'40	88½	..	88
Stop & Shop .	6	'47	62	66	62
Twin City ...	5½	'52	93	96	91½
United Amuse.	5	'56	99	102	98½
United Corp. .	5	'53	97	100	97
Unit. Grain Gr.	5	'48	95	98	96
Unit. Grain Gr.	5½	'49	97½	100½	98
Union Gas ...	4½	'43-'50	99	102	99
Zimmerknit ..	6	'51	101½	..	101½

‡Payable in Canada or U.K. † Payable in Can., U. S., or U.K. *Payable in Can. or U. S.

Unlisted Mines

November 17, 1936

	Bid	Asked
Admiral	.32	.34
Albany River	.86	.88
Algold	.43	.45
Algoma Summit	1.90	2.05
Athona	.25	.28
B.E.A.R.	.30	.32
Blue Star	..	.24
Bousquet Gold	.09½	.10½
Brae Breest	.22	.25
Brengold	.23	.25
Bilmac	.21	.24
Bailor	.04¾	.05¼
Bathurst	.05½	.07
Calder Bosquet	.22	.24
Callinan Flin Flon	.11½	.12½
Canadian Pandora	.18	.20
Candalaca	.23	.25
Coin Lake	.26	.30
Columario (new)	.02	.02½
Cuniptau	.21	.28
Continental Kirk.	.29	.31
Casey Summit	.20	.25
Cres. Kirkland	.38	.42
Casey Contact	.04	.04½
De Santis	.63	.65
Dona Pat	.32	.35
Darwin	.43	.46
Demp. Cad.	.24	.27½
Don Martic	.24	.27
Dunlop (new)	.17	.18
Doreva	.68	.70
Dupont Hodgson	...	.17
Empress Cons.	.86	.88
Franklin	.02	.02½
Falkenham	.33	.36
Frontier R. Lake	.17	.19
Galatcas	.06	.07
Garnet	.09	.10
Gateway Pat.	.11	.13
Gillies Lake	.63	.66
Gold Eagle	.80	.85
Goldside	.11	.13
Golden Gate	.33	.35
Gordon Lebel	.26	.28
Gilbec	.04	.04½
Holtyrex	.05	.06
Horseshoe	.06½	.09
Hudson Patricia	.12½	.15
Hugh Pam.	.25	.28
Hutchison Lake	.21½	.23
Jellicoe	.45	.48
Johnson Nipigon	.04½	.05½
Kaw Crow	.18	.21
Kenricia	.71	.74
Keora	.15	.16
Kirk King	.23	.26
Kerr Addison	.10	.13
King Kirkland	.05	.05½
Lamaque	7.50	7.75
Lafayette	.04	.04½
Lapa Cadillac	.83	.90
Leitch Gold	.74	.78
Lake Rose	...	.35
McFarlane	.06	.07
Manitoba Basin (new)	.03½	.04½
Margaret	.28	.32
Madsen Red L.	1.22	1.25
Magnet Lake	.13½	.14½
Martin McNeely	.09	.10
Matachewan Can.	.19	.20
McAndrew	...	.18
McCarthy Webb	.47	.50
Mosher	.45	.48
Murmac	...	.09
Martin Bird	.31	.33
Mooshla	.57	.59
Monarch Mines	.34	.37
McVittie Kirk.	.05	.06
Maritime	.36	.38
North Shores	.03	.04
Old Diamond	.37	.40
Oklend	.51	.54
O'Leary	.17	.18
Opemiska Cap.	...	.80
Oriole	.04	.05
Oremond	.24	.26
Ossian	.10	.11
Porcupine Gold R.	.02½	.03½
Porcupine Lake	.59	.61

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

November 17, 1936

Industrial Stocks:	Bid	Asked
Acadia Sugar c.	4.90	....
Do., pfd.	5.00	....
Acme Farmers Dairy pfd.	43.00	....
Andian National	49.00	50.25
Assoc. Tel. & Tel. pfd.	56.00	58.00
B. C. Pulp & Paper pfd.	15.50	....
Burns & Co. A	7.00	7.50
Do., B	4.75	5.50
Can. Tube & Steel 1st pfd.	60.25	....
Do., 2nd pfd.	12.50	....
Can. Wire & Cable pfd.	118.00	120.00
Can. Airways	7.50	10.00
Can. Industries A com.	248.00	....
Do., B com.	247.00	250.00
Do., pfd.	164.50	....
Can. Ingersoll Rand	123.00	128.00
Can. Westinghouse	77.00	79.00
Chase, A. W., pfd. bonus	25.00	....
Conduits Nat. new com.	2.90	3.20
Dom. Found. & Steel c.	75.00	....
Do., pfd.	95.50	97.00
Dominion Rubber pref.	99.50	102.00
Dunlop Tire pfd.	....	84.50
Federal Grain c.	2.00	2.50
Do., pfd.	36.00	39.00
Goderich Elevator	10.50	11.25
Great Lakes Paper pfd.	19.00	19.50
Greening Wire pfd.	108.00	114.00
Guelph Carpet pfd.	105.50	106.50
Do., com.	21.00	....
Hayes Steel Prod., c.	1.75	....
Highland Dairy c.	3.50	4.00
Do., pfd.	83.00	87.00
N. Meth. Laund. pfd. bonus	81.00	....
Provincial Paper pfd.	106.00	107.50
Reliance Grain pfd.	94.50	....
Rob. Consol. Cone	9.75	10.50
Ruddy, E. L., pfd.	36.00	40.00
Silverwood's Dairies pfd.	54.00	....
Standard Fuel c.	9.00	10.25
Do., pfd.	106.00	....
Supert. Petroleum B pfd.	27.00	28.00
Toronto Carpet pfd.	43.00	....
United Steel A pfd.	13.25	....
West. Grain 6½% pf. bonus	....	11.50
Willards Chocolates pfd.	20.50	24.00
Wings Ltd.	2.55	2.70
Trust & Loan Stocks:		
Chartered Trust	86.00	....
Commercial Finance c.	2.50	3.00
Debenture of Can.	14.00	....
Guelph Ont. Inv. par $50	48.00	51.00
London & West. Trust	53.50	57.00
Premier Trust	....	....
Sterling Trust	30.00	33.00
Traders Fin. Inc. Rts.	10.00	....
Do., B pfd. bonus	86.00	....
Trusts & Guarantee	29.00	31.00
Insurance Stocks:		
British America	30.00	....
Canada Life	523.00	530.00
Canadian Fire	77.00	....
Canadian Ins. Shares	12.00	14.00
Confed. Life 20% pd.	112.50	115.00
Cont. Life 20% pd.	38.00	44.00
Crown Life	167.00	....
Dominion Fire	127.00	140.00
Dominion Life 50% pd.	270.00	300.00
Dom. of Can. Gen.	120.00	130.00
Empire Life 25% pd.	7.50	8.75
Excelsior Life 30% pd.	68.50	72.00
Federal Fire 25% pd.	41.00	....
Fidelity Ins. of Can.	46.00	....
Great West Life	375.00	385.00
Guar. Co. of N.A., fully pd.	320.00	340.00
Halifax Fire	23.00	23.75
Imperial Life	325.00	....
Manufacturers Life	240.00	260.00
Monarch Life 10% pd.	21.00	22.50
National Life 25% pd.	....	48.50
Sovereign Life 25% pd.	15.25	18.00
Sun Life	650.00	665.00
Toronto General Ins.	5.25	6.25
Western Assurance c.	45.50	47.00
Do., pfd.	41.00	44.00
Theatre Stocks:		
Allens Beach pfd.	65.00	70.00
Do., Kingston pfd.	62.00	....
Do., Parkdale pfd.	70.00	....
Do., Toronto pfd. bonus c.	29.00	35.00
Eastern Theatres pfd.	71.50	80.00
Loew's Buffalo pfd.	3.50	4.00
Do., London pfd.	2.60	3.00
Do., Toronto pfd.	117.00	....
Mansfield Theatre pfd.	30.25	32.00
Paramount Kitchener pfd.	50.00	....
Do., Oshawa pfd.	88.00	94.00
United Amusement A	21.00	....
Do., B	20.50	....
Investment Trust Shares:		
Can. Gen. Invest.	10.80	....
Can. Int. Inv. Trust Units.	80.00	....
Can. Investors Corp.	9.15	9.75
Cons Div. Std. Sec. Units	18.75	19.50
Corporate Investors	....	7.75
Dom. Scott. Invest. Units	41.00	43.00
Foreign Power Sec. 6% pfd.	7.75	9.50
Invest. Found. Units	63.00	65.00
Sec. Holding Units	25.00	26.50
Third Can. Gen. Inv. Trust	1.90	....
United Corpns. A	27.00	28.50
Do., B	19.00	20.00
Power Issues:		
Calgary Power pfd.	73.00	76.00
Can. West. Nat. Gas pfd.	85.00	88.00
Do., com.	25.50	28.00
Inter. Util. 1.75 pfd.	10.00	10.75
Do., 7.00 pfd.	93.50	96.00
Montreal Island Pwr. pfd.	16.00	....
Nor. Ont. Power pfd.	103.50	105.00

Winnipeg Stocks

(Transactions from Nov. 9 to Nov. 14)

	Sales	High for period	Low for period	Close Nov. 14
Bailor Gold	1,000	.05	.05	.05
Flin Flon	12,650	.29	.26	.26
Federal Gr., c.	70	2.00	2.00	2.00
Gold Lake	6,100	.12	.10	.10
Gurney Gold	10,700	.47	.46	.47
Island Lake	2,000	.04	.04	.04
Knee Lake	1,000	.05	.05	.05
Mandalay	1,000	.08	.08	.08
Ore Grande	7,400	.22	.19	.19
Oxford M	900	.60	.60	.60
Optic Lake	435	1.15	1.00	1.15
Rice Lake	1,700	.04	.04	.04
Reliance Gr., p.	40	94.00	94.00	94.00
Packsack	4,800	.24	.23	.23
Sachigo River	4,800	18.00	18.00	18.00
United Grain	40	12.00	11.50	12.00
Vanson Man.	500	.01½	.01½	.01½
Wingold	4,900	.05	.04¾	.04¾
Wylie Dom.	200	.44	.44	.44
Wings Ltd.	4,310	2.60	2.35	2.55
Wpg. R. Tin.	4,500	.02¼	.02	.02¼

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire Ins.	..	100
Can. Indemnity	..	135
Comm. Securities	..	10
Dom. Envelope, com.	..	1¼
Do., pfd.	93½	..
Home Invest.	..	20
Northern Mtge., part pd.	..	3½
North. Can. Mtge., pf.	4	..
Traders Bldg.	80	..

* Stocks more active on other exchanges not included.

Listed Bonds

Week Ended Nov. 16, 1936

	Int. rate	Due	High	Low	Range 1936 High	Low
Mtl. L. H. & P. Debs.	3	'39	50½	50½	51½	50
McNish	6	'48	3.75	..	4.00	3.00

Municipal Bonds

	Rate	Date	Bid	Ask.	Yld.
†Halifax	5	1961	113.00	115.00	4.04
Hamilton	5	1960	109.50	111.50	3.90
Montreal	5	1945	104.00	106.00	4.28
Ottawa	4½	1943	109.00	111.00	3.05
†Quebec	5	1959	105.50	106.50	4.62
Saint John	5	1950	107.00	108.50	4.21
†Toronto	4½	1955	111.50	113.50	3.50
†Vancouver.	5	1950	83.00	88.00	6.33
Winnipeg	5	1944	95.00	99.00	5.15

†Payable Can. and N.Y.

UNLISTED MINES—(Continued)

	Bid	Asked
Pascalis	.48	.51
Porquis	.18	.20
Pandora Cadillac	.75	.80
Red Crest	1.10	1.16
Rickard Ramore	...	.96
Richmac	.37	.39
Roeanor	.26	.30
Rouyn Reward	.07½	.08
Regal Kirk.	.28	.30
Rubec	.36	.38
Salmo Malartic	...	.16
Sand River	.25	.29
Schreiber	.13	.14
Skookum	.32	.34
Smelter Gold	.06	.07
South Keora	.17	.18
Spooner	.23	.26
Springer	.11	.13
Sturgeon R. Gold	.40	...
Shenango	.27	.29
Slave Lake	3.00	3.25
Tonawanda	.17	.19
Upper Can.	.32	.34
Wendigo	.34	.38
West-Side	.09	.10
W. Red Lake	.12½	.13½
White Horse	.24	.26
Winoga	.37	.39
Young Davidson	.17	.19
Young Shannon	.18	.21

Week in Wheat

World Markets Quiet But Tone Confident

Coming Argentine Supplies Divert Temporarily Attention from Steady Drain on World Supplies — Sales Are Steady

From Our Own Correspondent

WINNIPEG.—The wheat market has been rather a featureless affair during most of the past week. Prices held within a narrow range despite a comparatively small volume of business.

Reports from overseas, however, are more encouraging with Liverpool claiming that increasing offers of Argentine wheat are meeting with an improved European demand. No immediate change appears to be in prospect as the production of the southern hemisphere seems to have been well discounted by the international market.

Eventually the tendency is to expect a gradually strengthening tone as week by week the market approaches the time when the lessened quantities of wheat in the world as compared with last year may be expected to have a real influence.

Watch Argentine and Italy

INTERNATIONAL wheat market interest at the moment is largely centred on Argentina and Italy. Those two countries provide the chief uncertainties of the present situation, one on the supply and the other on the consumption side.

The Argentine crop is nearly made, and general opinion is that the outcome will be between 200 and 220 million bushels. No great increase over these figures is likely, but it is possible for the out-turn to fall considerably shorter, especially if recent frosts in some sections are found to have caused injury.

Italy, due to a short domestic crop, and possibly a desire to accumulate stocks, has been buying wheat at a rate greater than was earlier anticipated. Purchasing has been mainly of Danubian and Argentine wheat, because it is cheaper than Canadian and the exchange situation more favorable. This Italian demand coupled with the needs of the steady continental importing countries, of which Holland, Belgium and Switzerland are the most important, may take care of practically the whole Argentine surplus, leaving little to be shipped to England.

* * *

See No Minimum Price

THE Argentine Government is likely to be under some pressure, as was the Canadian Government, to set a minimum price for wheat in advance of the current market. But the general belief is that the Government will decline to name any price this year. Instead, it will be left for the Argentine Grain and Elevator Commission to make a recommendation for any action deemed necessary, if the market later declines.

The general tendency in Argentina is to regard present levels as decidedly satisfactory, when associated with a crop of average size, and also to regard the current year as exceptionally favorable for disposing of supplies. Consequently the usual tendency of the Argentine to sell its crop mainly during the first half of the calendar year is likely to be accentuated.

* * *

Australia Will Sell

THE earliest Australian wheat has now been cut. The crop, estimated at about 140 million bushels, is relatively small, but it is believed Australia will be a free seller. Present prices are regarded as very satisfactory.

Earlier in the season it was thought that a good wheat crop in China would prevent Australian sales to that country from being as large as usual. Now, however, unfavorable weather for new crop seedings in the Yang-Tze valley is causing alarm about next year's production and is creating a tendency for Chinese farmers to hold their wheat. Consequently Australia views the outlook for sales to China as having improved. A favorable market in England is also anticipated, because the English harvest has been smaller than last year and supplies of soft white wheat of the Australian type are limited. There has been no repetition of previous year's continental dumping of such wheat in the British market.

* * *

Big Danubian Crop

THE United States Department of Agriculture estimated that wheat crops of Danubian countries in 1936 amounted to 375 million bushels, or 75 millions more than in 1935, and leaving an export surplus of 100 million bushels. This is stated to be an all time record. Trade opinion, however, doubts whether these countries can spare so much wheat this year. Poor crops in 1935 led to a deficiency in home consumption which may be made up this season.

* * *

American Supplies

SUPPLIES of wheat in the United States this year are estimated as large enough for the usual domestic requirements except in the case of hard red spring wheat and durum. It is this lack, of course, that Canada is busily supplying at present and it is expected will continue to do so until next summer.

Washington expects mills normally using spring wheat will use a larger percentage of winter wheat than they did a year ago. And it uses this argument for the prediction that net imports are expected to be somewhat less this winter than last.

* * *

Nature Curbs Production

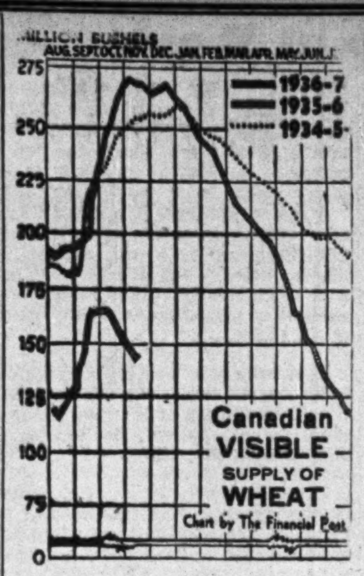
TURNING to the world situation the U. S. Bureau of Agricultural Economics points out that as a result of drought, rather than acreage curtailment, world wheat production in recent years has fallen below the demands. Consequently, it has been necessary to dip into carryover and this has now been brought to the lowest point in the last 10 years.

It is pointed out that if production is up to average yields per acre this coming season then there will be slightly more wheat than the recent world rate of consumption and prices may be expected to decline. But a continuation of recent poor crops would result in firm or higher values.

* * *

Fall Moisture

MUCH has been heard about below-normal moisture conditions in the Canadian wheat area and also the U. S. spring wheat states. Such a situation, of course, cannot be regarded as favorable, but practical growers are not inclined to pay much attention to this condition. They point out that it is the moisture which falls from just before spring seeding on that is important. Moreover, with the whole winter ahead, the Canadian west and the northwestern United States may well experience heavy snowfalls. If these are accompanied by one or two fairly warm breaks in the weather much of this accumulated moisture should be able to penetrate the dried-out soil in which there is little repelling frost.



LIQUIDATION

Maintaining an average weekly export of over five million bushels, Canada is rapidly liquidating both carryover and new crop wheat. With dwindling supplies of new wheat coming into country elevators, visible is dropping quickly. Last week's total of such grain was down to 142.5 million bushels or 125 millions below the same period a year ago.

The trade is beginning to believe that Chairman J. R. Murray of the Canadian Wheat Board is beginning to sell again, after a lapse to allow farmers to get rid of their 1936 crop. Certainly recent export clearances have been running about 100% above country deliveries of new crop. During the month or more lull before new Argentine and Australian wheat shipments commence in volume it is believed that Mr. Murray will take the opportunity to unload in larger volume. Again next April and May, after these Southern Hemisphere crops are sold, and before the first of the United States winter wheat crop is ready, will be another opportunity.

At the present rate of selling, Canadian carryover, including the 50 to 60 millions of new wheat yet to come out, could be reduced to a normal of 40 million bushels in 25 weeks, and there are over 35 weeks left of the current crop year in which to do the job.

Canadian Visible

Week of Nov. 13	Last Week	Last Year
142,577,000	148,226,000	267,694,000

Export Clearances*

Week of Nov. 13	Last Week	Last Year
5,477,996	6,039,478	3,804,210

*Plus U. S. imports.

Wheat Board Selling Again

Believe Murray Bolstering Dwindling Supplies of 1936 Crop

From Our Own Correspondent

WINNIPEG.—There is a general assumption in the grain trade that the Canadian Wheat Board has resumed selling operations, although not on any very large scale.

Chairman Murray allowed it to be known that some time about the end of August the Board ceased to offer wheat, confining its operations to switching the grain it actually held, estimated to be about 70 million bushels, from one option to another. The object, it was stated, was to prevent the sale of the Board's wheat from getting in the way of farmers' new crop.

New Crop Mostly Sold

Now, however, with the bulk of new wheat already sold by farmers, new deliveries fall considerably short of meeting the weekly domestic and export requirements. Such requirements, it is evident, can only be satisfied in one of two ways, by drawing on the holdings of merchants or traders, or by drawing on the holdings of the Wheat Board. To some extent it is believed that both sources are being tapped.

Out By May?

But it is also supposed the Wheat Board will be carrying forward after the December delivery month is past, a considerable volume of the May contract, most of which, if not all, the market is likely to call for before the beginning of May. By the end of that month, most observers believe, the Board should be completely out of the market.

Such wheat as the Board now has on hand is understood to represent a holdover from the McFarland stabilization operations in the futures market. All of the actual wheat of the 1936 crop taken in by the Board during the past crop year is understood to have been sold.

Wheat Pools To Challenge Grain Trade

Coming Enquiry Will See Battle Over Selling Policies

URGE MONOPOLY

From Our Own Correspondent

WINNIPEG. — The Royal Grain Enquiry scheduled to open in Winnipeg Dec. 1, under Mr. Justice Turgeon, is now bound to see a straight conflict between the marketing theories advocated by the wheat pools and the methods of the established trade.

What the Wheat Pool will ask for is a monopolistic government grain board, to take hold of the marketing of all grains and distribute returns on an equalized basis to all producers. It wants the present machinery of the grain trade scrapped, including the Winnipeg Grain Exchange.

Forget Minimum Price

Somewhat surprisingly, in view of recent demands supported by the Wheat Pool, the brief as announced does not make a claim for a Government guarantee of a minimum price. Rather it seems to assume that an adequate price can be obtained by making the market machinery a Government monopoly, or rather a Government monopoly advised by producers' representatives.

The first three of the seven points to be advocated by the Saskatchewan Pool are set forth as follows:

Want National Policy

1. That there should be developed a national marketing policy, the objective of which should be to secure a price for grain sufficient to maintain a reasonable standard of living in the farm homes of western Canada.

2. That this policy should aim to establish a measure of parity between the price of things which a farmer must buy and the commodities which he has to sell.

3. That this can be most surely accomplished through the operations of a national marketing board with control over the movement and marketing of all grain.

Implied in these statements is the theory that it is possible to control grain prices by a control of marketing machinery. That is an issue on which representatives of the orthodox trade must meet the pool, and a battle can be foreseen in which failures of previous attempts at price control will be cited, and the harm alleged to Canada's export trade by such attempts.

Overseas Agencies

The Pool further declares that the marketing board should undertake to establish direct overseas selling connections. On this suggestion it can be predicted that some of the bitterest controversy before the Royal Commission will be waged. The wheat pools have always resented the charge that their overseas agencies, by antagonizing the merchant trade overseas, were a harmful influence. When John McFarland assumed charge of Wheat Pool operations in 1930, under Government and bank pressure, his first step was to close these agencies. The pool has praised Mr. McFarland for much but they have never admitted the soundness of his judgment on that matter.

The sixth proposal calls for efforts to improve the trade relations of Canada in order to encourage the export of wheat, and is hardly controversial.

But the suggestion that following the building of adequate storage and handling facilities in the Argentine there are now greater possibilities of successful international co-operation in the marketing of wheat, may meet criticism.

Prairies Seek Water Storage

Survey of Southern Areas Made by Federal Officials

A large construction development along the international border in southern Alberta and Saskatchewan is seen as a possibility following a recent survey by officials in charge of the Prairie Farm Rehabilitation Act. Huge water reservoirs and irrigation projects may be established. Such a development may not be possible without the co-operation of the United States authorities as the drainage in some of this area is southward over the border.

Efforts may be made to provide artificial lakes for the storage of spring and winter surplus water, at present running to waste, with a twofold object in view.

1. Accumulation of water for irrigation purposes.

2. Creation of artificial lakes with the object of increasing the rainfall in these dry areas.

If carried through the plan would make available water to cover the shortage which has developed each August and September in the present irrigation districts where sugar beets are now a major crop. Beets, unlike most grain and forage crops, vitally need extra moisture during late summer and early fall.

Creation of large artificial lakes, it is believed in some quarters, would supply moisture to increase the present scarce and uncertain rainfalls.

It is expected the necessary surveys and reports will be completed by the middle of next year.

Halifax Cargo Tonnage Moves Ahead in October

From Our Own Correspondent

MONTREAL.—Cargo tonnage handled through the port of Halifax last month records an increase over the same month a year ago. Imports total 148,514 tons and exports 63,844 tons. In October last year imports amounted to 132,980 tons and exports 59,825 tons.

For the first 10 months of the current year, cargo imports to Halifax totalled 968,426 tons and exports 720,953 tons. This contrasts with an inward movement of 932,853 tons and an export movement of 827,056 tons for the corresponding period of 1935.

See Permanent Wheat Board In Overseas Appointment

From Our Own Correspondent

WINNIPEG.—R. V. Biddulph has been appointed by the Canadian Wheat Board as its European commissioner for the purpose of promoting sale of Canadian wheat. This announcement, made in London, discloses the purpose of the visit to England of George McIvor, a member of the Board, whose departure a few weeks ago caused speculation as to possible bulk wheat sales to the British Government.

Mr. Biddulph has had long experience in the Canadian flour trade. At one time he was export manager for Ogilvie Flour Mills, and more recently has been European representative of the International Milling Co. He is to promote sales of Canadian wheat, both by personal endeavors with British and Continental millers and by supervising some advertising contemplated by the Wheat Board. He will not sell directly. That will be left to the regular trade.

This action, although regarded in trade circles with approval, has occasioned some surprise. It had generally been supposed that the question as to whether or not the Wheat Board was to be a continuing body would be decided only after a report from Justice Turgeon on his enquiry into the grain trade. The Board had been expected to confine itself to the problem, now regarded as comparatively simple, of selling out the remainder of Government wheat holdings before the end of the current crop year. An advertising and selling campaign seems to imply not so much concern for the sale of Canada's wheat this year, but a longer view. Considering also Mr. Turgeon's recent investigation in Europe, grain observers are beginning to wonder if this latest move indicates Government approval of a permanent wheat board.

Walker Sales and Profits Likely to Rise This Year

BY STAFF REPORTER

PEORIA.—Expanding production and sales, construction of two new rack warehouses, a trend toward lower production costs, and laboratory research which is expected to open new markets for by-products, all point toward improvement in Hiram Walker-Gooderham & Worts earnings from its Peoria distillery this year.

The company is selling a larger volume of gin than any of its competitors in the U.S., The Financial Post understands, and it is now entering the season of rising whisky sales with enlarged production based on improved demand for bourbon and rye. The plant was this week stepped up to a high percentage of its capacity of 100,000 gallons of spirits daily.

New Warehouses

New rack warehouses, on which construction has commenced, will materially enlarge the capacity of the company to meet any demand for more mature whiskies than those now forming the bulk of U. S. sales. Laboratory research which has resulted in Walker's products finding a wide sale for younger whiskies, has resulted in pre-determined whisky production by which undesirable elements of younger whiskies are eliminated, and there is a growing demand for these among U. S. consumers.

Anticipating the maturity of competitive younger whiskies, Walker's is nevertheless aging a part of its production to meet demand which may develop for mature spirits within the next few years.

Low Cost Operations

Reduced costs are a factor which, from an investment standpoint, may become increasingly important. The Peoria plant, built in 1934, embodies the newest technical features of distilling.

Refinements and improvements in operating methods and installations are continuing on one hand and research development aimed at increased revenue, on the other. Spent grain is now being sold for cattle feed, but this product and others are being subjected to laboratory tests in which progress is being made with a view to increasing their uses and consumption and developing more profitable markets for distillery by-products in general.

Taxes Unlikely to Change

Taxation continues to be a large item in earnings and revenue prospects, since it includes state as well as federal imposts. Observers do not, however, expect increased taxation on distilleries under the Roosevelt régime. Higher taxes, it is held, will encourage bootlegging which has not been eradicated in the U. S., but little prospect exists that taxes will be reduced. Indications are that little change will take place in taxes.

Conversions Continue

Conversion of debentures into common stock of the company is continuing, with the intention of debenture holders to share in profits applicable to the common stock. Profits for the fiscal year ended Aug. 31, were equal to $6.56 a share, on which dividends of $1.50 were paid, while earnings applicable to the preferred amounted to $10.41 against preferred requirements of $1.

Of the common stock set aside for conversion of debentures 51,240 shares had been issued up to last week, bringing total outstanding common to 711,240 shares and indicating that $5,944,000 of debentures remain outstanding. Of these $1,944,000 are convertible at $45 a share into common and the balance of $55 and $60 a share.

United Farmers

Net earnings of the United Farmers Co-operative Co. were slightly higher for the year ended Sept. 30, 1936. The company is a farmers' co-operative organization handling farm products and farm supplies. It largely operates in Ontario.

After the regular dividend of 25 cents per share on the 70,060 of capital stock outstanding there was a small surplus. Working capital was increased considerably. Principal current liabilities consisted of bank loans and overdrafts of almost $385,000 and accounts payable of $100,000. These were offset by accounts receivable less reserve for bad debts of almost $315,000 and inventory and supplies of close to $350,000.

Income and Surplus Account
Years Ended Sept. 30

	1936 $	1935 $
Net earnings	50,232	48,443
Less: Inc. tax res.	7,100	7,050
Loss on liquidation*	17,450	......
Net profit	25,682	41,393
Less: Dividends	17,515	......
Surplus	8,167	41,393
Add: Prev. surplus	35,874	22,005
Less: Divds. prior year	17,515	17,524
	26,526	45,874
Balance forward	26,525	35,874

*Of Bruce Mines Creamery account.

Working Capital

	1936 $	1935 $
Current assets	647,464	556,738
Current liabilities	511,804	439,530
Working capital	135,660	117,208
Ratio	1.26—1	1.26—1

World Cotton Crop To Show Increase

World supply of all cotton for the 1936-37 season is now expected to be considerably larger than in either of the two previous seasons and 15% above the average for the 10 years 1923-24 to 1932-33.

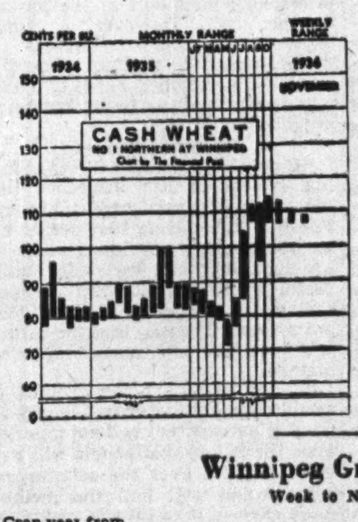
Total world carryover at the beginning of the current season was 1,600,000 bales less than a year earlier, but this decline is expected to be more than offset by an increase in world production.

The world supply of American cotton in 1936-37 is expected to be about 1,000,000 bales less than in the previous season, the lowest in 12 years and 9% less than the 10-year average.

World carryover of American cotton at the beginning of the season was 2,000,000 bales less than a year earlier and the smallest in six years but was 17% larger than the 10-year average. Production of American cotton for the 1936-37 season, while 9% larger than last season, is one-fifth less than the 10-year average and the smallest with two exceptions in 13 years.

The world market for bristles has been steadily firming and prices have been advancing in the last year, according to Drug Merchandising. One assortment of bristles which cost $1.62 a pound in May, 1935, rose to $2.65 in May, 1936, and to $3.86 in Sept., 1936. The latest quotation on this assortment is $4.38.

Wheat Prices



(Cash Quotations)

	For Week Nov. 17 High	Low	Prev. Week High	Low
1 Man. Hard	1.11½	1.08⅝	1.15⅝	1.05⅝
1 Northern	1.09	1.07⅜	1.10	1.07⅝
2 Northern	1.08	1.06	1.08⅝	1.06⅛
3 Northern	1.05¼	1.03⅜	1.05⅛	1.03⅜
4 Northern	1.02⅜	1.01⅛	1.03⅜	1.01⅛
5 Wheat	.98	.96⅜	.96⅛	.96⅜
6 Wheat	.94	.91⅝	.93⅞	.91⅝
Feed Wheat	.78	.74⅜	.77⅞	.73⅝
Vancouver: Week to Nov. 16:				
1 Northern	1.09¼	1.07⅛	1.08⅞	1.05½

Competitive Export Prices:
Nov. shipment.

Week to Nov. 14	High	Low
No. 1 North. (Vanc.)	1.24⅛	1.23¼
No. 2 North. (Atlan.)	1.23¼	1.21⅜
No. 2 North. (Vanc.)	unquoted	
Danubian	1.08	1.06½
Australian (afloat)	1.21¼	1.20¼
Australian▵	1.18¾	1.16⅝
Argentine Rosafe†	1.05¾	1.05
Indian (choice Karachi)	1.18	1.16⅝

†Jan.-Feb. ▵Dec.

Winnipeg Grain Futures

Week to Nov. 17, 1936

Crop year from Aug. 1, 1936 High	Low		Open Nov. 11	High for week	Low for week	Close Nov. 17
		Wheat				
1.14⅞	1.04⅞	Nov.	1.07½	1.09½	1.06¾	1.08⅜
1.12⅝	.93½	Dec.	1.04⅝	1.06⅞	1.04⅛	1.06¼
1.14⅞	1.05⅝	May	1.05⅞	1.09⅝	1.05⅝	1.08
1.07⅛	1.03¾	July	1.03¾	1.07⅛	1.03¾	1.06½
		Oats				
.46⅞	.42¾	Nov.	.45⅝	.46½	.45⅝	.46¼
.48¼	.41⅛	Dec.	.44⅝	.45½	.44¼	.45⅝
.48¾	.42¼	May	.44⅞	.45¾	.44¾	.45⅝
.44½	.43⅝	July	.44⅛	.44½	.43⅜	.44½
		Barley				
.63⅞	.55⅛	Nov.	.62	.63½	.61⅛	.62½
.63¼	.50¼	Dec.	.60¼	.62⅜	.60¼	.62⅜
.61⅞	.50⅞	May	.57	.60	.56⅜	.59⅜
.59	.56¾	July	.....	.59	.56⅜	.58⅜
		Flax				
1.62	1.59	Nov.	1.60	1.60¾	1.59	1.60½
1.88	1.59	Dec.	1.60⅛	1.60⅞	1.59	1.60½
1.75¾	1.62	May	1.62⅞	1.64¾	1.62	1.63¾
		Rye				
.77⅞	.66⅞	Nov.	.73½	.77⅞	.72½	.77⅞
.78	.61¾	Dec.	.70¼	.78	.69⅝	.78
.77	.63⅝	May	.69¼	.77	.69¼	.75⅝

Meat Stocks Gain Egg Supplies Drop

Further Increase in Beef Holdings Expected Till Year End

Stocks of meat in cold storage show a very substantial increase in November over the previous month, and also of a year ago.

To a certain extent such accumulation at this time of year is considered normal as it follows the heavy and natural fall run of livestock from the farms supplemented by some forced liquidation of western drought areas. But the increase might also indicate a desire on the part of packing houses to increase inventory in the expectation of higher prices both in the domestic and export markets later in the winter.

May Mount Rapidly

It is possible these beef stocks will continue to mount rapidly in the next two months as the quota of cattle entering United States at half the regular duty is now filled until the new year opens. Heavier shipments of stock to the domestic markets, therefore may be expected.

While lard stocks show little change, other pork products amounted to almost 36 million pounds on Nov. 1, 1936, as compared with 28 million for the previous month and less than 23.5 millions for Nov. 1 a year ago. Beef rose from 16.5 millions on Oct. 1, 1936, to almost 22 millions at the first of November. This compares with slightly under 20 millions a year ago. Veal and mutton were up in like proportions.

Butter and Eggs

Cold storage stocks of butter at the beginning of November showed little change from either a month ago or Nov. 1, 1935. Cheese well up on the previous year was considerably down from last month. This is considered a normal development in view of the fact that there is little cheese made in Canada between October and May, consumption depending upon accumulation during the summer months.

Sharply rising prices for eggs recently are confirmed by storage holdings which show a substantial drop on Nov. 1 from the previous month, although slightly ahead of the storage stocks a year ago.

Saskatchewan Hospital Pays Off $25,000 Debt

From Our Own Correspondent

REGINA.—A $25,000 loan made in 1931 has been entirely repaid by a Saskatchewan hospital.

A. C. Howard, chairman of the Prince Albert Victoria hospital board of governors makes the announcement.

DIVIDEND NOTICES

The Royal Bank of Canada

DIVIDEND No. 197

Notice is hereby given that a dividend of two per cent (being at the rate of eight per cent per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Tuesday, the first day of December next to shareholders of record at the close of business on the 31st day of October, 1936.

By order of the Board
S. G. DOBSON,
General Manager.
Montreal, Que., October 16, 1936.

The Dominion Bank

Notice is hereby given that a Dividend of two and one-half per cent upon the paid up Capital Stock of this Institution has been declared for the quarter ending 31st December, 1936, making a total distribution of ten per cent for the current year—the Dividend will be payable at the Head Office of the Bank and its Branches on and after Saturday, the 2nd day of January, 1937, to shareholders of record of the 19th December, 1936.

By Order of the Board.
DUDLEY DAWSON,
General Manager.
Toronto, 13th November, 1936.

The Canadian Bank of Commerce

Dividend No. 199

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 30th November, 1936, and that the same will be payable at the Bank and its Branches on and after Tuesday, 1st December next, to shareholders of record at the close of business on the 31st October, 1936. The Transfer Books will not be closed. By Order of the Board.
S. H. LOGAN,
General Manager.
Toronto, 16th October, 1936.

Anglo-Canadian Telephone Company

Class A Dividend Notice

Notice is hereby given that a dividend of One and Three-Quarter Per Cent (1¾%) has been declared on the Class A Stock of the Company, payable December 1, 1936, to Stockholders of record at the close of business on November 14, 1936.
By Order of the Board.
GEOFFREY PURDY,
Secretary.
Montreal, November 13, 1936.

Canadian International Investment Trust, Limited

PREFERRED DIVIDEND No. 12

Notice is hereby given that a dividend of 2½% has been declared payable on the 5% Cumulative Preferred Stock of the Company, payable on December 1st, 1936, to shareholder's of record at the close of business on November 16th, 1936.
By Order of the Board,
G. V. RYCKMAN,
Secretary.
Montreal, November 9th, 1936.

DIVIDEND NOTICES

Lake Shore Mines, Limited

(No Personal Liability)

DIVIDEND NO. 67—BONUS NO. 26

NOTICE is hereby given that a quarterly dividend of one hundred per cent, together with a bonus of one hundred per cent, on the issued capital stock of the Company, will be paid on the fifteenth day of December, 1936, to shareholders of record at the close of business on the first day of December, 1936.

By Order of the Board,
KIRKLAND SECURITIES, LIMITED,
Secretary.
Dated at Kirkland Lake, Ontario, November 16th, 1936.

The Corrugated Paper Box Company, Limited

Preferred Stock Dividend No. 15

Notice is hereby given that a dividend of 1¾% has been declared on the Preferred Stock of the Company, payable on the 1st day of December, 1936, to shareholders of record at the close of business on the 17th day of November, 1936.

Dated the 13th day of November, 1936.
J. A. WHEALY,
Secretary.

A.J.Pattison, Jr. &Co. Limited
Established 1907
For twenty-nine years we have rendered a Standardized Service to
BANKS, INSURANCE AND TRUST COMPANIES, BROKERS, INDUSTRIAL CORPORATIONS AND INDIVIDUALS
IN BUYING AND SELLING
INDUSTRIAL AND PUBLIC UTILITY STOCKS AND BONDS
Royal Bank EL. 5101 TORONTO

EST. 1857
Grain Merchants Shippers & Exporters
Pioneers IN THE EXPORTING OF CANADIAN GRAIN
JAMES RICHARDSON & SONS Limited
WINNIPEG REGINA MONTREAL MOOSE JAW VANCOUVER SASKATOON TORONTO CALGARY KINGSTON EDMONTON

Quality Builds Good-will
Good-will and enduring reputation have been built and maintained by Purity Flour through strict adherence to quality and uniformity. It is on this sound basis that Purity Flour, the Company's leading brand, has held for over thirty years, foremost place in the estimation of Canadian users.
PURITY FLOUR
Best for All Your Baking
Milled by Western Canada Flour Mills Co., Limited.
Head Office, Toronto; Branches from Coast to Coast, Mills at: Goderich, Winnipeg, Brandon, Calgary and Victoria.
Other Leading Products: Purity Rolled Oats; Purity Salt; Hovis Flour; Pioneer Poultry Foods.

Northern Elevator Company
Limited
Incorporated 1893
OLDEST ESTABLISHED GRAIN FIRM IN CANADA
40 YEARS OF CONTINUOUS PUBLIC SERVICE
Head Office:
GRAIN EXCHANGE — WINNIPEG, MAN.

THE CANADIAN CONSOLIDATED GRAIN
COMPANY LIMITED
Operators of Country Elevators in Manitoba and Saskatchewan and Terminal Elevators at Fort William and Port Arthur
Grain Commission Merchants — Shippers and Handlers of All Grains
Head Office: WINNIPEG, CANADA

From Wagon to Sea-Board —
—Fair and Efficient dealing is the "A.P." Standard of Service.
The ALBERTA PACIFIC GRAIN COMPANY Ltd.
LICENSED AND BONDED WITH THE BOARD OF GRAIN COMMISSIONERS

Vaseline HAIR TONIC
CHESEBROUGH MANUFACTURING CO., CONS'D.
This business began about 1860, as a pioneer among manufacturers of oil products, making kerosene, under the trade mark name Luxor. For some time, crude oil had been credited with curative properties, and Mr. Chesebrough, through refining it, produced the first Petroleum Jelly containing these properties. This was immediately trade marked Vaseline in 1870. This company uses —
Maclean's
Canada's National Magazine
No. 64 of a Series.

Writers Lock Horns Over Life Insurance

Inefficient and Costly, Says One Critic—Magnificent Record Over One Hundred Years, Says Champion

In recent months much literature has been published to attract attention to the life insurance business.

Half a dozen books have appeared which challenge the method and organization of the life insurance business on this continent. Some are openly destructive, with little of a helpful nature. Others profess profound admiration for the life insurance structure while proceeding at the same time to uncover so-called weaknesses.

Until recently few people had bothered to put into book form an impartial tribute to life insurance to counteract destructive commentaries and provide some new enthusiasm for this much discussed subject.

Challenging Views

Perhaps the two best books on either side of this fence are, on the one hand, "Life Insurance — A Critical Examination" by Edward Berman and "The Truth About Life Insurance" by Paul Speicher.

Mr. Berman's book (Harpers $2) seems, up to now, to have the best of the publicity battle, perhaps because he says some pretty startling things about the life insurance business. Mr. Speicher's book (Life Underwriter's Association of Canada—price $1.75) is building a quieter, sounder foundation for future sales by having endeared himself to every life insurance agent and setting at rest most of the major points raised by Mr. Berman.

Mr. Berman's Case

Mr. Berman is from the Department of Economics, University of Illinois. His interest in life insurance rises from a study he made of the Massachusetts system of savings-bank life insurance and published some time ago by the U. S. Bureau of Labor Statistics.

By using this yardstick, Mr. Berman, as one reviewer has put it, has managed, in 180 pages, to make the incontrovertible point that if life insurance were bought on the initiative of the insuring public with no agents and consequently no commissions and agency expenses it might be cheaper than it is under the system familiar to Canadians. He compares the very low price at which this "over-the-counter" insurance can be bought in that state and also the wide variation in cost between 15 private companies which lead in point of sales volume in Massachusetts and New York State.

Inefficiency Claimed

"An unnecessarily high cost for life insurance," says Mr. Berman, "is an indication of inefficiency just as an unnecessarily high cost of an automobile or of a suit of clothes is an indication of inefficiency. If one company can sell insurance at approximately one-half the net cost charged by another company and if the insurance sold is of the same quality, the first company is obviously much more efficiently operated than the second. The policyholder who carries insurance with a company which, for a number of years, has shown unsatisfactory net cost is entitled to question the efficiency with which the company is being operated."

He points out that relatively high net costs are traceable to a variety of factors each of which is within certain limits susceptible of control by the management. Accordingly he proceeds to analyze these factors of cost and expense. He cites as the major factor, agency commissions and salaries which he claims reached 16.9% of premium income for ordinary insurance and 19.6% for industrial companies in the 10-year period, 1925-1934.

The Other Way

Mr. Berman feels the case has been proved that there is "another way" and he points to the fact that by the summer of 1935, more than $107 millions worth of insurance was in force with the 23 banks functioning in Massachusetts as writers of life insurance policies. He also points to the fact that in 1923 this mutual system ranked 22nd among the 31 organizations then selling life insurance in Massachusetts and by 1934 had risen to 11th place among 47 organizations.

"A growth of such remarkable character indicates it is possible to sell insurance without having to pay agents' salaries and commissions," says Mr. Berman, and, he adds, "not until insurance is sold without the intercession of agents and without the payment of commission will the business conquer two of its major shortcomings, high cost and over-selling."

High Initial Premiums

Other points on which Mr. Berman challenges the present set-up include the practice of charging a high initial premium and subsequently returning large dividends; the heavy cost of industrial insurance which lapses before the completion of the endowment term. On the latter point, he says "every industrial policyholder who permitted his 20-year endowment policy to lapse before the expiration of a 10-year period actually paid 72.5% more for the protection which he had than he would have paid if he had bought a straight life policy."

He shows that in 11 years 23% of all ordinary insurance and 19.4% industrial insurance was terminated by surrender. Similarly in New York State, 31% of all insurance in force from 1923-33 was terminated by lapse with a corresponding ratio for industrial insurance of 67.4%. He claims that not much more than one-tenth of all ordinary insurance is terminated by methods which completely fulfill the original purpose and slightly over three-tenths of all such insurance is terminated in the least satisfactory way of all.

Wants Clearer Statements

Advertising, blue book statements and the agency system are major points which Mr. Berman suggests need reforming. Blue book statements, he says, are of such a nature that they are comprehensible only to the initiated. If the material were printed less formally and with the necessary explanations, it could be readily understood by any ordinary reader. If the primary purpose of laws which regulate the insurance business is to protect the policyholder, it seems fair to require the regulatory officials themselves to issue reports which will attract the attention of the ordinary citizen and help him to reach conclusions as to the efficiency of the company or the desirability of taking out a policy with it.

His starting point in these reforms would be the removal of some of the mystification which he feels now surrounds the life insurance business on this continent. "Life insurance," he says "is one of the few remaining enterprises in the modern world which still has in one aspect the character of the medieval craft guild. The guild carried on its work as a real mystery; and it was indeed called a mystery. The manner of doing work was a secret and it was frequently a serious offense punishable by dire penalties if that mystery were uncovered to the mind of the ordinary layman. Today, either because the agents of the companies are themselves unaware of the fact because they are not interested in presenting the facts impartially or because it is not to the interest of the life insurance companies to disclose too much information and to present it in comprehensive fashion to the policyholder, life insurance is a mystery. De-mystification of the business has hardly made a fair start."

Mr. Speicher Replies

Now, let Mr. Speicher of the Insurance Research and Review Service of Indianapolis, take up the cudgels.

Since the high cost of agency commissions, etc., forms the basis of Mr. Berman's criticism the other side of the picture as Mr. Speicher sees it challenges attention.

"Many critics," he says, "contend that the elimination of the agent would automatically solve all the problems in the insurance business; that the cost of life insurance would then drop so low that people would walk up to the counters and buy life insurance as they now buy postage stamps or cigars.

"It is a fascinating picture, exactly the sort of a picture an idealist far-removed from reality enjoys painting. Only one thing is wrong with the picture—the experience of the past hundred years indicates that it'll probably never come true. Nearly every experiment which has been made to dispense with the services of the agent has resulted in virtual failure.

Says Real Cost Only 3%

"The records show that the average life insurance policy sold calls for less than $3,000 of protection. The average premium is approximately $30, a thousand of insurance. Let us assume that a man aged 35 buys a policy calling for a premium of $100 a year. If he pays premiums just for his normal life expectancy, which at the age of 35 is 32 years, he will have paid $3,200 during the period. The total commission received by the agent writing such a policy will be approximately $95 or practically 3%—surely a nominal fee when compared with the commissions earned by salesmen in other lines.

Ideal Insurance Company

"Ideally," says Mr. Speicher, "one would think that if a company could be set up which would write only a select group of risks (thus reducing mortality); which would be exempt from all Federal taxes as a corporation not for profit; which would meet all expenses of carrying on the business from the principal and interest of a fund set aside for that purpose; which has no agents and no distribution problems because its policyholders were familiar with its organization and purposes—that all things being equal such a company should be able to furnish life insurance at the closest possible approach to minimum cost.

"There is such a company," says Mr. Speicher, "namely the Teachers' Insurance and Annuity Association organized by the Carnegie Corporation under the above conditions for the specific purpose of furnishing to teachers insurance at the lowest possible cost. However, a study made in 1934 places the net cost of life insurance in a group of representative companies as $4.13 compared with a net cost in the Teachers' organization of $4.

Open to Change

"Back of the present merchandising system of life insurance lies 100 years of experimental history. The fact that during that period no method has been developed whereby life insurance can be made really useful to the public with cheaper costs than at present in force does not necessarily mean that the future will not develop some improved method.

"If and when a better method is established, unvitiated by the stifling hand of bureaucracy and not founded upon the fallacy that people will buy life insurance over the counter, no organization will hail the method more eagerly than the life insurance companies."

INSTITUTE SECRETARY

T. M. Sargant, who was recently appointed secretary-treasurer of the newly formed Life Insurance Institute of Canada. Mr. Sargant is with North American Life.

Pools Consider Forming Own Life Company

Delegates Approve Plan But No Action Taken Yet

From Our Own Correspondent

REGINA.—Prairie wheat pools are reported to be considering entering the insurance business.

At the 1935 annual meeting of the Saskatchewan pool directors delegates passed a resolution recommending that necessary steps be taken in conjunction with the Manitoba and Alberta organizations to effect a scheme of insurance. It was held that this scheme should provide for a maximum amount of cover at a minimum cost, subject to the board being satisfied of adequate support in the country for the proposal.

In following up its investigations, the insurance committee was advised the organization did not have power under its present charter to use any of the organization's funds in the formation or financing of a life insurance company.

Recommendations of Committee

As a result the committee has recommended:

1. That in event of formation of a life insurance association it should be set up as a subsidiary of the Saskatchewan Co-operative Wheat Producers Limited.

2. On the basis of legal opinion neither the Saskatchewan Co-operative Wheat Producers Limited nor the Saskatchewan Pool Elevators Limited has power at present to set up such a subsidiary.

3. That application for a charter for an insurance association should be delayed until such time as powers of the organization are extended so that an insurance association may be organized as a subsidiary, and until such time as there is evidence of satisfactory support in the country to ensure success of the proposal.

4. That the board of directors should give consideration to the necessary changes to the Pool act of incorporation.

Under the circumstances no steps have so far been taken up to this time to provide life insurance for pool members. The board has given consideration to the matter of amending the act of incorporation and recommends for consideration of the delegates that the act be amended to provide the company with necessary power to promote or engage in any line of business which can be carried on to advantage of pool members, or in the interests of Saskatchewan agriculture generally.

Delegates at the wheat pool annual meeting this month approved the board's recommendation.

Life Insurance at Work

Some weeks ago The Financial Post published an unusual story of "life insurance in action" taken from the records of Imperial Life Assurance Co.

The current agency bulletin of Confederation Life contains further examples of the same theme, reprinted in view of the wide interest taken in the previous story.

* * *

At the beginning of 1935, a young Eastern Canada jeweller, who had recently married, applied to the Association for a $5,000 joint policy on the lives of himself and his wife. The first two premiums were paid punctually, and all seemed well with this young couple until the husband fell ill with a heart ailment, which proved fatal within a few days. The young man's earlier prudence has provided a guaranteed monthly income for his wife, the total outlay for which was only $367 in premiums.

* * *

A Government employee insured his life with the Association for $2,500 in 1931 and again for $2,000 in 1933. He was the victim of a drowning tragedy this summer, and his widow received an insurance estate of $4,500, for which the total premium investment was only $717.

* * *

A police constable in a small Canadian city insured his life with the Confederation Life for $2,500 in March, 1936. A few weeks later he was accidentally killed and the amount of his policy was duly paid to his estate.

* * *

A $3,000 claim was recently paid, following the death of a railwayman within two years of the date he applied for his policy. He had paid only $159 in premiums.

* * *

The widow of a British Columbia rancher recently received $3,000 as a result of her husband's foresight in applying for a Confederation Life policy last year. Only $203 in premiums had been paid.

* * *

Two other claims for $1,000 each were paid within one year of the date of the applications.

Maritime Life at $14 Millions Mark

Information presented to the quarterly meeting of the directors of Maritime Life Assurance Co. recently, showed the company now has $14 millions of life insurance in force and has assets in excess of $2 millions. The corresponding total at the end of 1935 was $13.2 millions.

During the first nine months of 1936 the company's assets increased 14.2%, new business 16.9% and interest income 19.4%.

October Business Gains For Confederation Life

An increase in new paid-for business in October compared with the same month last year is reported by Confederation Life Association. Total business in force also increased during the month.

Trends indicated during the month include: More participating business and less non-par business; greater interest in better types of policies both as to protection and investment plans; improvement in collection of first year and renewal premiums also in repayment of policy loans.

Total insurance in force at the end of October amounted to $395.7 millions, of which $365.8 millions was ordinary and the balance group insurance.

North American Pays Large Returns on Policies

North American Life reports two-fifths of its September claims were on policies in force 10 years or less. Amount of claims paid in the month totalled $97,296, covering 45 policies on 36 lives.

Dividend payments made to these policyholders during their lifetime were $4,328 making the total paid to policyholders and their beneficiaries $101,624.

Against this the company had collected as premiums $41,333, indicating an amount in excess of receipts of $60,291.

Thus for every $100 paid in by these policyholders the return achieved to them or their beneficiaries was $245.80.

Insurance Inklings

JULES BAUSET has been appointed inspector of agencies, Canadian division, Sun Life of Canada.

R. G. McKERCHER has been appointed inspector of agencies, group division, Sun Life of Canada.

LEIGHTON McCARTHY, president, Canada Life has been named vice-chairman of the reception committee for the annual convention of Association of Life Insurance Presidents to be held at New York, Dec. 3 and 4. Other Canadians named to the committee include: C. S. MACDONALD, president, Confederation Life Association, and ARTHUR B. WOOD, president, Sun Life of Canada.

Guest speaker from Canada at the convention will be Hon. Thomas A. Crerar.

H. F. DIBBLEE has been elected president of the Life Underwriters' Association of Halifax, N.S., to succeed F. H. Goucher. Other officers are as follows: G. C. HATFIELD, vice-president; A. J. COLLOWS, secretary-treasurer. Executive committee: F. H. GOUCHER, J. D. VAIR, C. TEASDALE, S. W. MARRIOTT, J. W. SMITH and G. H. ROGERS.

A. E. WALL, of the National Life Assurance Co., Toronto, has been elected secretary of the Toronto Chapter of the C. L. U. to fill the vacancy caused by the resignation of Eric Troop.

AUBREY OLDHAM has been elected president of the Sarnia Life Underwriters' Association. Other officials include: F. W. HOLLOWAY, secretary-treasurer, W. J. CARSON. Directors named include: E. DICKENSON, C. R. HOSKINS and GORDON LINK.

ERIC C. DUVAL has been appointed superintendent of the Galt Industrial branch of London Life. He succeeds SAMUEL MUNCE, who has been transferred to St. Catharines.

W. A. DEWLAND has been appointed supervisor of the ordinary department, London Life at Oshawa.

CHARLES MEAD has retired as manager at South Saskatchewan branch of Canada Life. He is succeeded by C. E. BALDWIN.

LT.-COL. D. E. MACINTYRE has been promoted agency director for Confederation Life. He will be attached to the company's Toronto-Yonge and Richmond division of which C. E. Robertson is manager.

F. E. BOWEN has been named manager of the newly opened branch of Canada Life at Oakland, California. He was formerly district manager for the company at Ponona, California.

K. W. CURRY has been appointed New Brunswick manager of the Mutual Benefit Health & Accident Association with head office in Moncton. He was formerly with the company at Liverpool, N.S.

G. C. FRANCIS, of the Canadian Underwriters' Association, has been appointed to the committee on manufacturing hazards of the National Fire Protection Association.

New Licenses

New Brunswick Fire Insurance Co. has received a federal certificate of registry authorizing it to transact inland transportation insurance in addition to the classes for which it is already licensed.

Fifteen Form Council of Life Ins. Institute

At the inaugural meeting of the Life Insurance Institute of Canada, held recently at Toronto, the following were appointed to the council of the new body:—

L. K. File, Canada Life.
C. P. Muckle, Excelsior Life.
J. W. Fisher, National Life.
W. G. Gallow, North American Life.
G. W. Geddes, Northern Life.
N. J. Lander, Continental Life.
J. S. Stevens, Crown Life.
A. N. MacTavish, Dominion Life.
C. Elvins, Imperial Life.
R. E. Dowsett, Manufacturers Life.
J. D. Williamson, Canada Life.
J. H. Birkenshaw, Confederation Life.
E. A. Brock, Great-West Life.
O. D. Newton, London Life.
E. E. Duckworth, Sun Life.

These appointments are in addition to the executive, which includes:

J. H. Lithgow, president.
J. G. Parker, first vice-president.
A. E. Peqegnat, second vice.president.
T. M. Sargant, secretary and treasurer.

Auto Standard Forms Committee Reorganized

At the reorganization meeting of the Committee of Underwriters on Automobile Insurance Standard Forms, the following were appointed to the committee for the 1936-37 season by H. D. McNairn, superintendent of insurance for Ontario, and chairman of the committee: R. J. Bastedo, Phoenix of London; H. L. Kearne, Shaw & Begg; R. A. Hudson, U. S. Fidelity; E. M. Hill, Dominion of Canada General; J. Wilson, Western; V. C. Smith, Lumbermens' Mutual Casualty; D. M. Dewar, Sun; J. Ratchford, Toronto General; W. C. Butler, Pearl; and R. C. Stevenson, Lloyd's.

R. Bastedo and John Edwards will continue to act as vice-chairman and secretary, respectively.

John Turnbull Chairman of 'Peg Actuaries Club

John Turnbull, actuary of Sovereign Life, was recently named chairman of the Actuaries Club of Winnipeg for the present season. E. M. MacRae of Great-West Life was appointed secretary-treasurer.

Robert C. Bailey and Robert L. Jex both of Sovereign Life were elected members of the club having recently completed the associateship examinations.

FIRE INSURANCE

A CANADIAN COMPANY

SECURITY NATIONAL INSURANCE COMPANY

HEAD OFFICE TORONTO

J. H. RIDDEL
President

V. G. CREBER
Vice-Pres.

S. FAIRLEY
Secretary

Inquiries for Agencies Are Invited

GUARANTEED BY

EAGLE, STAR & BRITISH DOMINIONS INSURANCE COMPANY LTD

Fire and Windstorm INSURANCE

Over Half A Century of "Service with Security"
Est. 1884

TESTED and PROVED by TIME

Since its inception in 1884, this organization, Western Canada's oldest Mutual Insurance Company, has maintained the policy of giving "service with security." "Portage" policy-holders enjoy complete protection at minimum rates.

Branches: WINNIPEG, REGINA, CALGARY

83

The PORTAGE LA PRAIRIE MUTUAL INSURANCE COMPANY
PORTAGE LA PRAIRIE MAN.

FIRE AUTOMOBILE
Assets Over $5,173,000

MARINE CASUALTY
Losses Paid Since Organization of Company in 1833 over $75,168,000

IN TRUST SINCE 1833

THE BRITISH AMERICA ASSURANCE COMPANY OF TORONTO
TORONTO - CANADA

Does your Fire Insurance PAY DIVIDENDS?

BRANCHES:
Toronto
Hamilton
Ottawa
Montreal
Quebec City
St. John
Halifax
Winnipeg
Saskatoon
Calgary
Edmonton
Kelowna
Victoria
Vancouver

Under the Northwestern Mutual plan, the annual surplus or profit is paid back to policyholders in the form of dividends. These amounted last year to $1,088,428. Ask our nearest office for particulars.

NORTHWESTERN MUTUAL FIRE ASSOCIATION

"Canada's Largest Fire Mutual"
The WAWANESA MUTUAL INSURANCE CO.
Ranks 3rd against all companies on total volume of fire business written in Canada
FIRE WINDSTORM SPRINKLER LEAKAGE AUTOMOBILE
LIABILITY DOCTORS' AND DENTISTS' LIABILITY PLATE GLASS
Head Office—WAWANESA, Man.
Eastern Office—341 CHURCH ST., TORONTO, Ont.
Branches also at Vancouver, B.C.; Edmonton, Alta.; Regina, Sask.; Winnipeg, Man.; Montreal, P.Q., and Moncton, N.B.

ESTABLISHED IN 1850 SYMBOL OF SECURITY

The Ætna Life Insurance Company, writing Life, Group, and Accident insurance, has been a Canadian institution since 1850 . . .

CALGARY • MONTREAL • TORONTO • VANCOUVER • WINNIPEG

The rugged peaks of the Rocky Mountains have withstood the test of time. Centuries of climatic change—summer heat and rain, winter cold and snow—has had little effect upon them.

So, too, The Northern Life has withstood the test of time. Through periods of prosperity and depression, in war and in peace, The Northern Life has done its job and has fulfilled every contractual obligation. The Northern Life is built to withstand the test of time.

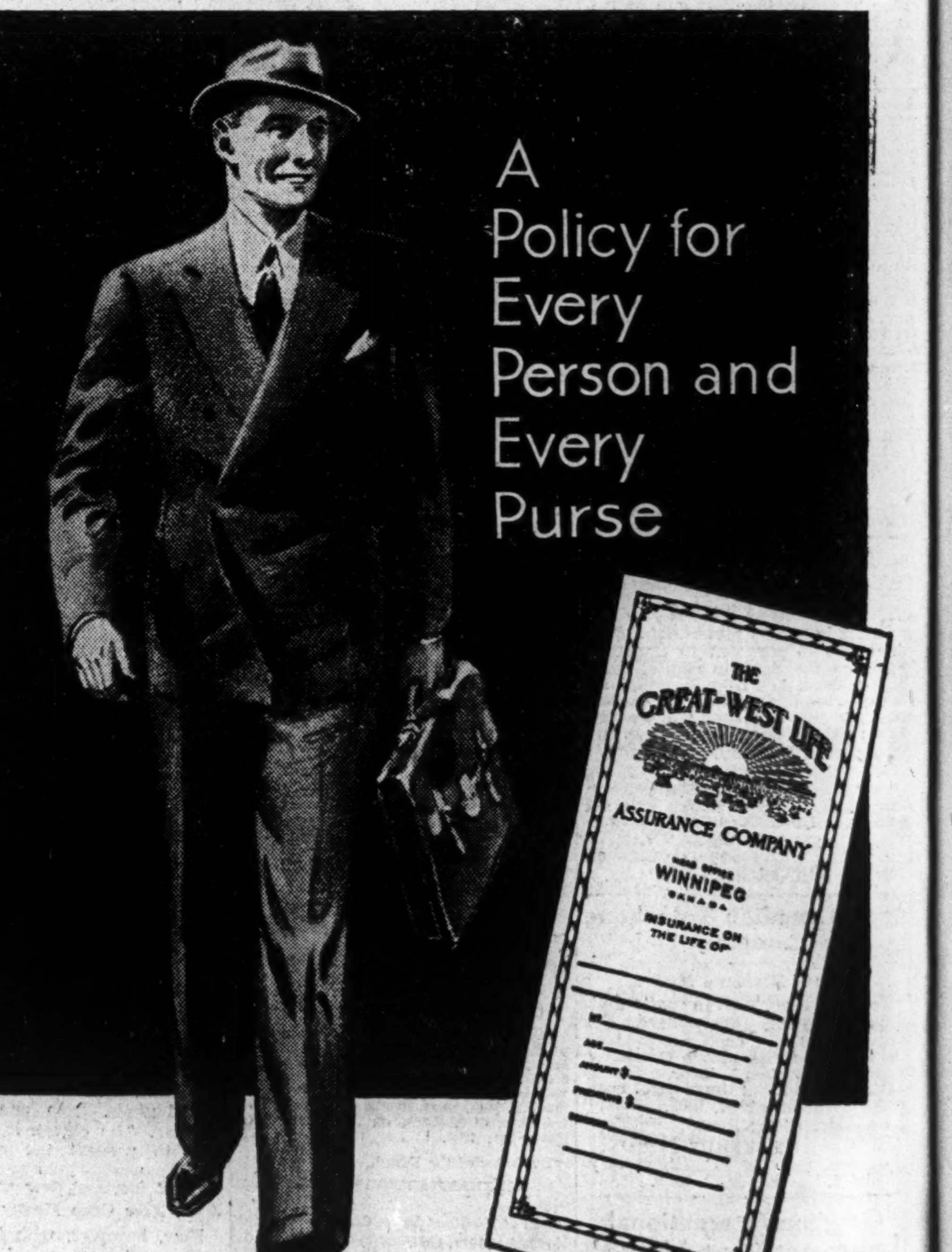
The strength of The Northern Life is made certain by:

—Well selected investments
—Excellent investment management

The Northern Life has a plan for you which will withstand the test of time.

50

Northern Life Assurance Company of Canada
Established 1897 Home Office: London, Canada



A Friend of Yours!

You can discuss your problems with him with confidence and *in* confidence. —And this can lead to greater confidence in the future well-being of yourself and your dependents. He is a thoroughly-trained Life Insurance man. He offers you the expert services of one of the largest of the famous Canadian life companies. In all financial matters where the future depends upon your action today, he can give you reliable help. He is the Great-West representative. Get to know him.

Branches in all the leading cities of Canada and in the United States.

THE GREAT-WEST LIFE ASSURANCE COMPANY

Bank Chat

Trade Financing

ONE phase of banking activity mentioned by S. H. Logan in his address before the Canadian Bankers' Association last week is apt to be underestimated by those who approach the subject from a purely statistical angle.

Bills, credits and exchange sales and purchases representing exports and imports make up a very substantial portion of a bank's business. In the monthly return to Ottawa, these items are included under "Letters of Credit Established" which currently totals about $85 millions.

This figure is but a fraction of the trade financed through the banks, however. It is one which fluctuates very rapidly. As trade commitments are usually met within a short period, financing is soon liquidated and other transactions fill the gap. Consequently, the volume of trade so financed runs about $1,500 millions a year, according to Mr. Logan. The importance of the bank's contribution to returning prosperity in this respect is most substantial, particularly as marked expansion in export trade is considered the most influential factor in raising the level of general business activity.

* * *

Gold Standard Prospects

THE Midland Bank Review takes definite issue with those who have been hailing the recent currency stabilization measures as setting up, as Mr. Morgenthau is reported to have said, "a new gold standard."

While not minimizing the importance of the agreements, the Review concludes that at most they can be regarded as a step toward establishment of such a system, certainly not as a new system itself. In part, it states:

"There can be no gold standard, in any real sense of the term as now understood, without fixity of the value of gold in terms of each adherent currency, and freedom of movement of gold, privately initiated, from one country's stock to another's. The French Government, by abandoning a position inherently untenable, may have removed one obstacle to the re-establishment of an international gold standard; but it is equally true that France has abandoned for the time being at least her own adhesion to gold. And if the final results of that step are to be a general return to gold, it is certain that a long and tortuous journey to that end still lies ahead."

* * *

American Branches

ALTHOUGH dormant for the time being, the perennial problem of branch banking in the United States is far from a dead issue. Some observers in the country to the south suggest that substantial contributions of A. P. Giannini, of Bank of America fame, to Mr. Roosevelt's election campaign may give the question even greater significance in the not too distant future.

The question is primarily one which concerns individual states, however. Despite the relatively few banks in the United States which operate branch offices, this type of banking is outlawed in only nine states: Colorado, Florida, Illinois, Kansas, Minnesota, Missouri, Nebraska, Texas and West Virginia. Five states have no ruling on the matter at all. Of the remaining 35 states, 17 permit branch banking within limited areas, and 18 allow state-wide branches.

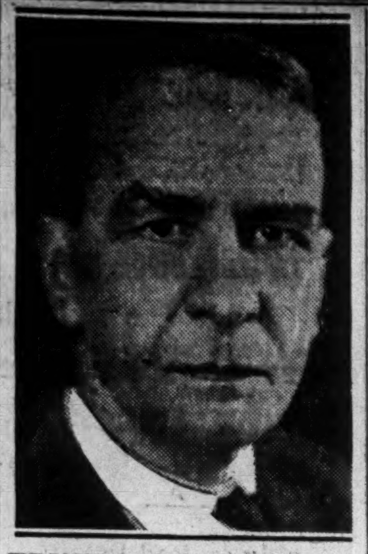
* * *

Birthday Present

A FITTING tribute on its 43rd birthday, the Journal of the Canadian Bankers' Association which made its appearance this month is bedecked in new dress, a neat shade of blue, is published on a better quality paper, and bears the more wieldy title "The Canadian Banker." The volume is slightly larger than its predecessors.

Included in the latest volume are the results of examinations conducted by the Association. In referring to these the "Banker" states that indications are for increased enrolment in these banking courses. The reason given is most significant.

"With the general improvement in business and in the natural course of events, the banks are again replenishing staffs and have appointed more new junior officers in recent months than for some time past."



TRUST PRESIDENT

Henry N. Chauvin, K.C., of Montreal, who has been elected president of Prudential Trust Co., succeeding the late B. Hal. Brown.

Bankers' Association Promotes Group Action

Supervision of Circulation, Clearing Houses, and Educational Projects Among Chief Functions

Unique in several respects is the Canadian Bankers' Association.

One of the smallest, yet one of the most influential associations in the Dominion, it boasts a peculiar type of democracy. Representatives of all its members—the banks themselves are the members—find a place on its executive council. Thus, every member is consulted on every matter which comes up for discussion.

Administration of its affairs is also unusual in that headquarters alternate between Toronto and Montreal. The association is in the position of having half its members in either city. Consequently, the president, whose term, custom decrees, shall be for two years, is selected alternately from those two cities. As a matter of convenience, the secretary and staff of the organization settle in the same centre as the president.

Purpose Misunderstood

The 36th annual meeting, held in Toronto last week, was, as usual, a closed session. Perhaps it is this tinge of mystery which has given John Public the mistaken impression that the meeting is one of hard-hearted ogres hatching plans to make profits at the expense of the country, yet the president's address has been published in full.

Despite the fact that the act incorporating the association and its by-laws are available, few non-bankers are aware of its purpose. Even among bankers, there is considerable doubt.

The main duties of the association as set out in its by-laws are the supervision and regulation of bank note circulation and clearing houses, and education of bank employees. Actually, it has become the medium through which concerted action is taken when it is believed advisable for the banks to act as a group rather than as individual institutions. It has effected a considerable measure of co-operation among the banks. To quote the Macmillan Report, "There is no attempt to formulate what in Great Britain or the United States would be called 'monetary' or 'banking policy.' Each bank is autonomous and determines its own policy, but policies and other matters are discussed informally by the chief executive officers of the banks at meetings of the association."

Only 10 Members

Membership numbers but 10. When the association was incorporated, back in 1900, there were 34 members. With concentration of Canadian banking, membership has shrunk until now only the 10 commercial banks remain. These institutions are represented on the association's executive council by their general managers.

Peak of its usefulness was probably reached during the Great War. At that time, it was the means through which loans to the Government were made, either directly from the resources of the banks, or through the network of branches extending across the country. The British Government, too, obtained three loans from members of the association, amounting in all to $230 millions.

Special Committees Function

Since the war, the association has gone about its duties quietly and effectively. On matters on which group action by the banks is desirable, a special committee is usually set up to investigate and report. For instance, there is a committee on taxation; and the recently introduced programme of home improvement loans was also dealt with, so far as the banks were concerned, through the association.

The "raison d'être" of the association is primarily concerned with note circulation. When the Bank Act was revised in 1890, provision was made for a circulation redemption fund, contributed by the banks as security for redemption of the notes of any bank which might fail. For this purpose, each bank set aside 5% of its circulation, an amount on which the Government pays 3% interest.

In the event of failure of any bank, notes outstanding which could not be met by the assets of the insolvent institution, would be redeemed with money from this fund. The solvent banks could then be assessed sufficient to bring the fund back to 5% of outstanding circulation.

Group Responsibility

In this way, all banks were made responsible, to a limited extent, for the note issues of other banks. Consequently, it was only fair that the banks should have some organization to oversee and to control in some measure all bank note issues. Hence the Canadian Bankers' Association.

Close supervision of circulation is still one of the main phases of the association's work. It maintains a record of all plates and dies from which the notes are made, whether the notes are still in circulation or not. It supervises actual making of the notes and their delivery to the various banks. It obtains a monthly statement from the banks, showing notes received and those destroyed. It may even appoint representatives to be on hand at the "cremation" ceremonies. In short, it keeps close tab on all notes from before they are actually printed until they are finally disposed of.

Accidental Note Destruction

When notes are accidentally destroyed, as is a fairly common occurrence, the Bankers' Association is the court of appeal to which representation must be made for their replacement. Bills have been kept in a "safe" place, too near a stove, with the result that an extra large fire has proved conclusively that the storing place was not as safe as had been thought. Examined by experts, charred fragments of paper may be sufficient proof of the identity of the notes, and the loss made good.

Clearing houses, through which settlement of balances between banks is effected, are also under the jurisdiction of the association. The incorporating act provides that it "may from time to time establish in any place in Canada a clearing house for banks, and make rules and regulations for the operations of such clearing house." Each of the 32 clearing houses which have been set up forward to the association's office weekly, monthly and yearly returns.

It should be observed that in respect to regulations governing note circulation and clearing houses, the rulings of the association are subject to the approval of the Treasury Board.

Standing Committees

There are two chief standing committees. To one is entrusted publication of the journal of the association, "The Canadian Banker." This is a quarterly devoted to matters of interest to bankers, boasting a circulation of about 7,000. The other is charged with educational activities. Two courses, leading to Associate's and Fellow's diplomas, are conducted under the auspices of Queen's University. Since 1914, 3,134 candidates have completed the junior course and 741 the senior. Enrolment this year numbers 1,422, of which 1,074 are taking the junior course.

Eligible for this instruction are employees of member institutions, and also those of the Montreal City and District Savings Bank and the Province of Ontario Savings Office. The committee also conducts the annual essay competition sponsored by the association.

One activity of the association which has been well publicized is that of apprehending bank robbers. Thousands of dollars have been paid out for information.

Administration expenses are small. Annual fees, on the basis of $200 for each $1 million of paid-up capital, are sufficient to meet all ordinary outlay.

Officers of the association, exactly the same as last year, are as follows: Honorary presidents, Sir John Aird, Sir Frederick Williams-Taylor, C. A. Bogert, J. R. Lamb and J. A. McLeod; president, S. H. Logan, Canadian Bank of Commerce; vice-presidents, H. B. Henwood, Bank of Toronto, D. Dawson, Dominion Bank, S. G. Dobson, Royal Bank, and H. F. Patterson, Bank of Nova Scotia; secretary, A. W. Rogers.

Bank of Canada Weekly Statement

Reflecting ebbing requirements for grain financing, note issue of the Bank of Canada declined in the week ended Nov. 10, to bring the total to the lowest figure in more than a month. Reserves in sterling and the United States, and chartered bank deposits were higher at the week-end.

Balance Sheet

	Nov. 10	Nov. 4
Liabilities	$	$
Capital paid-up	10,100,000	10,100,000
Notes in circ.	129,664,561	130,282,271
Rest fund	173,092	173,092
Dep.: Dominion	20,060,280	21,635,462
Banks	194,003,064	189,718,909
Other	405,657	420,511
Total deposits	214,469,001	211,774,882
All other liabs.	3,328,513	4,177,506
Total liabs.	357,745,167	356,487,751
Assets		
Reserve: Gold	179,163,514	179,368,972
Silver bullion	1,962,321	1,945,456
Res. in sterling & U. S.	11,283,259	8,425,349
Total reserve	192,409,094	189,739,777
Subsidiary coin	273,602	263,719
Advances	1,000,000	1,000,000
Investments:		
Dom. govt. short	60,760,070	59,689,761
Other Dom. govt.	98,339,426	97,668,419
Total invest.	159,099,496	157,358,180
Premises	363,460	274,700
All other assets	4,599,515	7,851,375
Total assets	357,745,167	356,487,751
Reserve ratio	55.91%	55.47%

Barclays Bank Reports Gains Over Last Year

Business Volume Reaches New High Despite Trade Obstacles

CREDIT LETTERS SOAR

Improvement in general business conditions has been reflected in the figures of Barclays Bank (Canada), according to general manager H. A. Stevenson.

Speaking at the annual general meeting this week, Mr. Stevenson stated that the year ended Sept. 30, 1936, recorded larger total resources, substantial increase in number of accounts, and higher general activity.

A substantial portion of the bank's activity is in foreign business. To some extent political disturbances abroad and the uncertainties surrounding monetary adjustments tended to affect adversely the flow of international trade. Despite these obstacles, volume of business handled by the bank is stated to have "assumed very satisfactory proportions and exceeded that of previous years."

Comparative Figures

Although no financial statement is issued by the bank, the returns to the Minister of Finance at Ottawa provide basis for a comparison of figures as at Sept. 30 and a year ago. Particularly sharp was the rise in total assets, largely from increased balances with other banks and security holdings.

Outstanding among changes in liabilities was the advance in letters of credit from $94,766 to $1,098,230. Totals of some of the more important items are as follows:

Balance Sheet Items As at Sept. 30

Assets	1936	1935
	$	$
Total assets	16,619,260	14,899,255
Bank of Canada notes & deposits	457,371	893,319
Securities	6,202,725	5,792,111
Call loans	862,900	996,560
Current loans	1,038,947	1,397,165
Due by Candn. banks	2,021,542	1,590,003
Due by banks in U. K.	3,306,257	2,377,831
Due by bks. elsewhere	721,822	672,969
Liabilities		
Demand depos., Canada	1,776,090	1,596,219
Savings depos., Canada	3,572,643	3,496,309
Depos. elsewhere	2,193,810	1,292,638
Letters of credit	1,098,230	94,766
Note circulation	300,305	303,670
Due Candn. banks	595,627	363,433
Due U. K. banks	2,877,148	3,569,611
Due banks elsewhere	1,713,838	1,870,592
Reserve	750,000	750,000
Capital	1,500,000	1,500,000

Presidential Address

Addressing the shareholders, Sir Robert Borden, president of the bank, stated, in part, as follows:

"During the past year, a gradual advance toward ultimate recovery has been unmistakable; and in no country has this indication been more marked than in Canada. Unfortunately, this steady progress is overshadowed by the menace of international controversies and antagonisms which seem to become increasingly dangerous as, more and more, the resources of the world are devoted to the increase of armaments.

Relief Problem

"The closely related problems of unemployment and relief confront every civilized country. Measures for relief hitherto prevailing in Canada have been disjointed and unsystematic. The sooner our various governmental authorities deal resolutely, fully and systematically with the question the better it will be for the welfare of our country. In a certain element among persons on relief there is, unquestionably, a marked tendency to regard themselves as permanent pensioners of the state, to decline work on any convenient pretext and to consider idleness on relief as their absolute right. Every available means should be applied to correct this tendency which is highly undesirable for the state and most detrimental to the individual."

Weekly Bank Clearings

	Nov. 12, 1936	Change Year Ago	Nov. 5, 1936
	$	%	$
Halifax	1,966,207	+ 5.9	2,603,508
Saint John	1,464,614	+19.5	2,157,348
Moncton	723,938	+ 9.9	894,154
Sherbrooke	534,498	— 6.8	683,681
Quebec	4,082,771	— 1.6	7,504,755
Montreal	106,792,795	+38.8	178,077,234
Ottawa	21,803,265	+39.2	28,723,917
Kingston	454,372	— 7.9	665,304
Peterborough	611,012	— 6.3	703,922
Toronto	107,864,093	+19.6	169,304,738
Hamilton	4,033,442	+ 9.4	5,492,513
Kitchener	927,040	+14.7	1,370,413
Brantford	759,153	+ 8.8	1,060,302
London	2,122,251	— 4.7	3,122,780
Chatham	492,569	+22.0	610,236
Windsor	2,216,043	+15.0	2,842,471
Sarnia	419,228	+12.7	503,501
Sudbury	911,177	— 4.3	96,272
Fort William	593,827	+17.1	905,476
Winnipeg	42,885,712	—15.5	71,478,956
Brandon	309,426	—11.5	451,700
Regina	3,397,646	— 9.6	5,305,033
Moose Jaw	637,151	— 1.1	926,895
Saskatoon	1,346,194	—10.1	2,072,754
Prince Albert	366,068	+19.0	457,867
Edmonton	3,489,403	+ 4.6	5,288,256
Calgary	5,102,665	—24.3	6,300,780
Medicine Hat	200,691	—21.2	303,361
Lethbridge	545,375	+16.1	643,912
N. W'minster	536,146	+10.5	792,212
Vancouver	15,662,828	+13.7	21,468,917
Victoria	1,440,821	+ 4.0	1,922,821

Mortgage Adjustments To be Made in Manitoba

Voluntary reduction of interest rates to 6% on farm mortgages throughout Manitoba and downward adjustment of mortgages and agreements of sales in the drought area of the province, embracing 13 municipalities, has been agreed to by the principal lending institutions.

Unlike the Saskatchewan scheme no blanket arrangement has been made for the adjustment of farm mortgage debts in the drought area. Instead the adjustment will be made on the merits of each individual case.

An official statement issued by the Dominion Mortgage and Investment Association and the Mortgage Loans Association of Manitoba reads in part as follows:

"Recognizing that farmers in a number of municipalities in the southwestern portion of Manitoba have, for some years, suffered from poor crops and from a further reduction in earning power due to their inability to maintain livestock in good condition through lack of feed, the principal lending institutions will at once proceed to put into effect in that area a plan for adjusting mortgages and agreements for sale on a basis which it is felt will effectively meet the needs of the situation in so far as these debts are concerned.

Some Settlements Made

Some settlements have already been made and the intention is that all other farmers in these municipalities will be contacted as soon as possible, that settlements will be made to meet the reasonable requirements of each individual case, and that extension agreements entered into will provide for a 6% rate of interest.

"The plan will not only provide for adjustments where they are warranted, but will also have the effect of taking the farmer out of default in respect of the balance left owing, and such balance will be extended over a period of years on a suitable basis.

"It is hoped that this action on the part of the first mortgagees and vendors will be followed by a proper adjustment of other debt, so that the whole effect will be to re-establish efficient farmers on a basis that will permit them to face the future with confidence."

Drought Area Smaller

The amount of adjustment to be made in Manitoba is substantially smaller than in Saskatchewan. Not only is the drought area much smaller but conditions generally in Manitoba have been much better throughout the depression than in its sister province. Included in the drought area outlined for purposes of the schemes are 13 rural municipalities, these being:

Albert, Arthur, Brenda, Cameron, Edward, Louise, Morton, Pembina, Pipestone, Roblin, Turtle Mountain, Whitewater and Winchester.

In these municipalities 5,645 farmers are located. This compares with 55,210 farmers located in the drought area proper in Saskatchewan and 6,238 in the marginal municipalities, in both of which substantial concessions were made.

No reference is made in the official statement of the mortgage interests as to the amounts to be written off by the provincial and municipal Governments. Premier John Bracken however, intimated recently the Provincial Government would wipe out entirely the drought area relief debt of $1.2 million and assume one-third of the losses on seed grain loans this year. While the 13 municipalities recently refused to cut tax arrears to the same extent as in Saskatchewan some adjustment will be made in this regard also.

At a recent conference in Melita, Man., between Provincial Government and municipal representatives from the drought area; it was stated Manitoba municipalities had not followed the Saskatchewan practice of piling up huge totals of paper assets in the form of unpaid taxes, which they could never expect to collect. On the contrary, all arrears of normal municipal taxes in the drought area are pledged against municipal obligations. If the tax arrears were cancelled the municipalities would have difficulty in meeting their obligations, it was claimed. The write-off of loans from the Provincial Government, however, will relieve the situation to some extent and it is probable each municipality will make whatever adjustment it is able.

Rest of Province To Benefit

Some adjustment is also to be made in the rest of the province outside of the drought area. Arrangements will be made with farm borrowers and purchasers for suitable extensions of time and an effective rate of interest of 6%. The official announcement states "it is recognized that in the rest of the province there are also cases where efficient farmers have suffered a succession of crop failures due to causes beyond their control, with the result that there has been a serious accumulation of indebtedness, and the lending institutions propose to make such adjustments in these cases as the individual cases may warrant."

Because of the nature of the adjustment, no estimate is possible of the amount that will be written off by the lending institutions. An examination of Government reports on the investments of insurance companies, trust and loan companies indicates that the amount will be considerably less than in Saskatchewan since the amount of mortgage indebtedness in arrears is much smaller. At the end of 1934 the life insurance companies held $9.2 millions of farm mortgages in Manitoba, of which $6.1 millions were one year or more in arrears of interest. In Saskatchewan on the other hand, they held $39.1 millions of farm mortgages of which $31.8 millions were in arrears. Returns made by the large loan companies to the Ontario Government show that mortgage interest due but unpaid in relation to principal outstanding is much smaller in Manitoba than in Saskatchewan.

Staff Changes

The Bank of Nova Scotia has made the following changes in staff:

F. A. McCallum to be manager at Beechy, Sask.

F. D. BARRETT to be acting manager at Harbor Grace, Newfoundland.

Alberni Named "Somass Timber"

Alberni Pacific Lumber Co., Vancouver, has applied for approval to change its name to "Somass Timber Co., Ltd." The name is to be changed Dec. 3, 1936.

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Reserve Liability of Proprietors	8,780,000
	£23,710,000
Aggregate Assets 30th Sept., 1935	£115,659,000

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1832 THE BANK OF NOVA SCOTIA INCD. 1832 1936

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OVER A CENTURY OF BANKING SERVICE

Week in Mining

Cadillac Area Provides Week's Market Highlight

Lapa Cadillac and Rubec Lead in Juniors — Base Metals Withstand Profit Taking

The Cadillac area of northwestern Quebec was the chief performer on Canadian mining markets during the past few days. The activity in Cadillac stocks was due to drill results obtained by Rubec Mines, and to results of work done on the first level at Lapa Cadillac.

Action of Rubec stock was the most sensational of all. The public during the past summer has become acutely conscious of drill core assays. It took only the results from one hole at Rubec to send the stock, long a "sleeper," from 15 cents to about 60 cents overnight.

Northwestern Quebec, particularly Cadillac and Malartic Twp., have probably made more progress than any other Canadian mineral area this year. The rewards which met this work have been very encouraging, and have made more justifiable Quebec's claim to being Canada's fastest growing mineral province.

The base metal stocks continued to hold their own despite profit taking and despite a slight and probably insignificant drop in the price of copper.

Rubec's Drilling

A BRITISH COLUMBIA mining man of considerable experience has frequently advanced to The Financial Post the suggestion that all mining companies should be compelled to file with the government, for public inspection, results of all work, including drilling, done on any property in their control. One of his reasons is the claim that frequently "insiders" suppress favorable news until after they have had an opportunity to accumulate stock.

The case of Rubec contains a strong argument to the contrary. It is even being argued in some quarters that mining companies should be compelled to withhold results of isolated drill holes until they have a complete picture.

Both extremes are, of course, impractical. Perhaps the public will eventually get trained to place less significance on isolated drilling results. If Rubec officials had withheld drilling results until they had indicated a large size ore body, they would probably have been accused of "loading up" with stock.

The hole which caused all the excitement was No. 18, which is reported to have cut high-grade between about 218 and 236 feet.

While the assays as reported were very high, it is impossible to tell how the cores were treated in respect to free gold. All that can be said is that while theoretically there is nothing in the news from Rubec to justify the sharp rise in prices, in practise such results do send the stock up, and those who made a profit are probably entitled to it.

Lapa Cadillac

OF THE two properties, Lapa Cadillac and Rubec, it appears that the most significant news comes from the former property. Rubec contacts Lapa on the north. A glance at the geology of the area, however, indicates that the values struck by Rubec have no direct relation to the high-grade being encountered by Lapa on the first level. Rubec's values were found, The Post understands, in a banded iron formation. Lapa Cadillac got only low values in the same formation. The ore zone on Lapa runs east and west.

At press time, Lapa was still drifting in the high-grade first located in the hanging wall of B zone. The company expects to finish development on the first level by Dec. 7 and to continue, from that date, to deepen the shaft to the second level. This should take another month. An ore pass will be constructed below the second level so that both sinking and lateral work will be carried on simultaneously.

This work represents comprehensive development, and gives a tangible background to the market price of Lapa.

* * *

Bralorne Scores Again

THOSE speculators who in 1934 paid as high as $17 per share for stock in Bralorne Mines, only to see it slip to $4.30 in 1935, have real cause for comfort in the record which this comparatively young Bridge River producer has turned in this year.

For the fifth consecutive month, Bralorne's output in October showed an increase, making this mine British Columbia's greatest gold producer. October production grossed $229,355.

It was not so long ago, (the latter half of 1935) that one could find 10 Bralorne bears for every bull. The company had passed its dividend at that time, and although it was officially stated that this was due to a policy of concentrating on building up ore reserves, there were many who shook their heads. Bralorne today has amply justified this policy. At the end of March, 1936, ore reserves were sufficient to supply the mill on a 475-ton per basis for over three years. This year, with the exception of the January payment, with every quarterly payment of 10 cents per share, an extra five cents has been declared payable, making Bralorne's total distribution per share in 1936, 45 cents, as compared with 30 cents in 1935. This record will not prevent Bralorne from adding to its cash reserves.

* * *

Engineer Directors

ON SEVERAL occasions recently, The Financial Post has had access to reports made on various properties by engineers who are also directors of the company seeking to market its stock. It happens that on all these occasions, both the company and the engineer have been reputable, and their sincerity beyond doubt. Nevertheless, whether the company has been aware of it or not, there is inevitably the tendency on the part of the public to discount to a large degree such reports.

A director of a company, particularly a mining company, is in a peculiarly delicate position. We have had cases in Canada where directors were found to have abused their position by taking advantage of some decision, made behind closed doors, and not announced to the public until after the dishonest director has had time to act marketwise. In such cases, it is generally agreed that the director has not accepted the responsibility which his office entails.

There is a definite responsibility attached to the office of director. There is also a definite responsibility attached to the position of the engineer retained to make a report, on the strength of which the savings of many may be invested. The two responsibilities, even when borne by the most honest person, do not gibe.

It does not seem unreasonable to suggest that an engineer who, after making an examination of a property, wishes to become a director of the company, should make his position clear, emphasizing the fact that the examination was made, and the report written before he became a director. This would be a good selling point for the promoter.

A report made by an engineer after he has become a director, loses its effect. The engineer must have been prejudiced in favor of the property before making the report, or he would hardly have allowed himself to become elected a director.

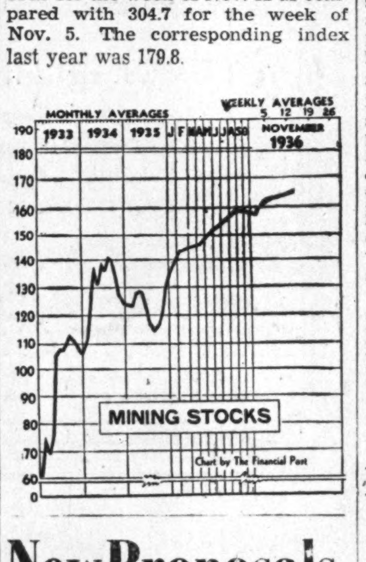
* * *

Index to Mining Stocks

BOTH the gold and base metal issues continued to forge ahead strongly during the past week. The general index for 23 mining stocks advanced sharply from 161.8 for the week of November 5 to 167.6 for the week of November 12. The comparative index last year was 124.8.

With interest centred mainly in the senior issues the gold trend was decidedly upward. The index for the week of Nov. 12 was 131.9 as compared with 127.2 for the week of Nov. 5, 1936, and 111.5 last year.

Despite profit taking during the latter part of the week the base metal stocks were able to hold a substantial gain. The index now stands at 314.9 for the week of Nov. 12 as compared with 304.7 for the week of Nov. 5. The corresponding index last year was 179.8.



New Proposals By Maple Leaf

May Distribute Argosy Stock — To Form Holding Company

Shareholders of Maple Leaf Mines will meet in Toronto Monday, Nov. 23, to discuss, among other things, directors' proposal to distribute Argosy Gold Mine stock and to transfer the other assets of Maple Leaf Mines to a new holding company. Maple Leaf Mines holds 487,442 shares or over one-sixth of the total issued capital of Argosy Gold Mines. This forms its most important asset. If shareholders approve, directors plan to distribute this stock on the basis of 191.2 shares of Argosy for every 1,000 shares of Maple Leaf held.

The directors propose selling the remaining assets of the company which consist of a number of less important share holdings, to a smaller investment and holding company to have an authorized capital of 300,000 shares, no par value. Maple Leaf Mine shareholders would receive one share of this proposed new company for each 10 shares of Maple Leaf held. Directors propose to surrender the charter of Maple Leaf Mines Ltd. as soon as the distributions have been approved of.

Perron's Recovery $46,723 in October

During October the mill at Perron Gold Mines in northwestern Quebec, treated 5,448 tons of ore from which 1,335 ounces of gold, valued at $46,723 was recovered, an average recovery of $8.58 per ton. The average milling rate per day during the month was 176 tons.

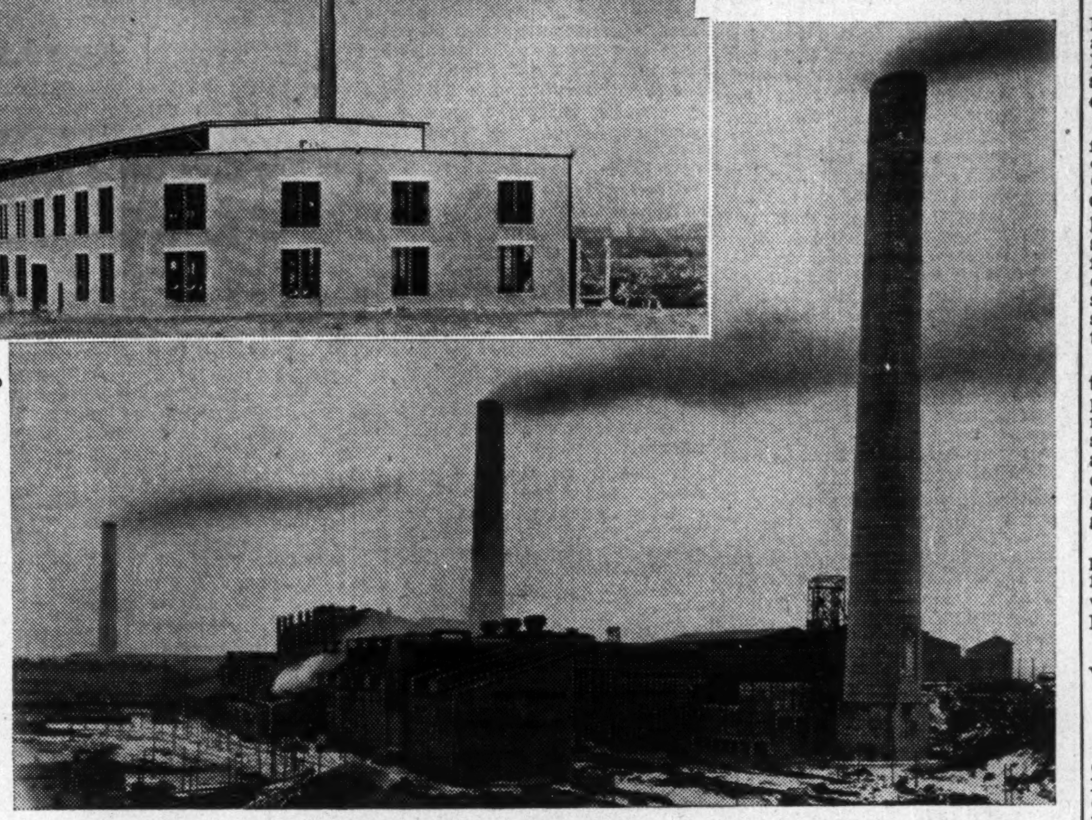
Underground work in October was confined to stoping and lateral extension of known veins. The new mill building and machinery foundations were completed during the period and 50% of the equipment has been installed.

Inco's New Furnaces Belch Forth Increasing Prosperity

When the first faint stream of smoke came from the top of the towering new smelter stack of the International Nickel Co. last week, it was a signal to the countryside for miles around Copper Cliff that the first stage of expansion was complete. A second 510-ft. stack, a large smelter addition, and new reverberatory furnaces as well as converters, were included in the $6 millions construction programme launched some months ago. By gradual steps, this will make possible production increases up to 30% over present capacity.

Below is shown the Copper Cliff Smelter, with the new stack at the right, and new smelter additions in the foreground, taken while blowing in of the two new reverberatory furnaces was in progress.

The other photograph shows a section of the new construction at the Port Colborne Refinery, where capacity is being increased to balance that at Copper Cliff. The Port Colborne programme is expected to be completed around Dec. 1.



Thom. Cadillac Puts Finances In Better Form

October Production Amounts to $18,410— Reserves Increase

Thompson Cadillac Mining Corp. released from escrow 1,366,940 shares Nov. 16. These shares represent 965,940 issued to the shareholders and creditors of the predecessor company and 401,000 shares issued for the purpose of the bankrupt estate of old companies.

Simultaneously the company announces that an obligation for $48,277 due by the predecessor companies in respect to machinery and equipment have now been met in full. The company also reports it has extinguished all liabilities and obligations in connection with the acquisition of the property and assets from the predecessor company.

October Output

Production from Thompson Cadillac in October amounted to $18,410, according to a progress report from Andrew Walz, vice-president and consultant. Of this amount $10,985 was bullion shipped to the mint and the balance of $7,425 was concentrates sent to the stock pile.

Average grade of ore treated was $8.79 from which an extraction of 94.2% was obtained. The mill averaged 72 tons per day. Mr. Walz points out that the ore sent to the mill was largely from development and only about 30% came from stoping operations. He states that a reserve of broken ore continues to be piled up in several of the best stopes in the mine and the effect of this economy will shortly be noticed in production. Little advance was made in the high-grade section of the mine on the west part of the 600-ft. level where operations were at a standstill for about a week.

New ore continues to be developed on the end of the 150-ft. level on the No. 2 vein where the upward extension of the ore body on the 300-ft. level has now been opened up for 125 ft. Mr. Walz states the present ore position of the mine is satisfactory.

Predict Opening Of Coast Copper

B. C. Mining Men Think Rising Prices Will Justify Move

From Our Own Correspondent

VANCOUVER. — If copper continues its upward movement, mining men here would not be surprised if Consolidated Mining & Smelting Co. took steps to open up its Coast Copper property in Vancouver Island.

Coast Copper operations have been dormant since 1931, when plans for construction of a concentrator were dropped owing to the decline in the market. Now that prices are rising again, the concentrator programme may be revived.

During 1930 nearly 6,000 ft. of drifting, crosscutting and sinking was carried out, but no large shoots were opened, although fairly large lenses of magnetite with low copper values were indicated. The work done in 1931, the last year of operation, consisted chiefly of small extensions of the 800 level north and the 1,400 level south. Plant and equipment have been maintained in good condition.

East Malartic Mines Sells Additional Stock

From Our Own Correspondent

MONTREAL.—Montreal Curb Market has called for trading 25,000 additional shares of East Malartic Mines. These shares have been taken up at 60 cents a share under the option agreement. The total number of listed outstanding shares is 1,580,246, in addition to which one million shares are in escrow and 319,750 shares under option as follows: 69,754 shares at 60 cents a share; 250,000 shares at 80 cents a share.

Sladen-Malartic Mines Sells More Optioned Stock

From Our Own Correspondent

MONTREAL. — Sladen Malartic Mines have issued 40,000 additional shares at 55 cents under the option agreement, leaving a balance of 126,000 shares in the 55-cent block. A total of 1,851,016 shares are now outstanding in the hands of the public, exclusive of escrowed stock.

Securities Act Becomes Issue

Feeling in B. C. Mining Circles Is Strongly Divided

From Our Own Correspondent

VANCOUVER. — Although condemned in several quarters, chiefly on the ground that it discourages the independent prospector by tieing up funds in escrow stock and that it places too much responsibility on a single official—the registrar of companies—British Columbia's Securities Frauds Prevention Act is likely to survive the present session of the legislature without important amendment.

Brokers have come in for some criticism at this session, however, R. H. Pooley, former attorney-general, attacking the Braeberne Mine issue in the legislature and holding the Vancouver Stock Exchange responsible. Mr. Pooley claimed that while the Securities Act was satisfactory, "certain brokers were mining the public instead of the ground."

Hedley M. Smith, president of Vancouver Stock Exchange, promptly issued a statement, pointing out that Braeberne was not listed with the exchange or on the Vancouver Curb.

Mr. Pooley charged that on the set-up of Braeberne out of $858,000 to be collected from the public, only $120,610 would go into development. The company, he said, was organized June 30 with a 3,000,000 share capitalization. D. A. Hamilton purchased 1,261,000 shares, he said, for one cent each, paying $13,610. He took options on another 1,500,000 at three cents each for 200,000 shares, five cents for 500,000 shares, eight cents for 500,000 shares and 12 cents for the remaining 300,000 shares, thus having control of practically the whole issue. The stock was now quoted at 30 cents," said Pooley, so that if Hamilton took up his option the company would get only $120,610.

Claims Shares Returned

Mr. Hamilton said the deal referred to was an old agreement with the vendors of Braeberne. The shares he was reported to have purchased were returned to the company. He had a previous option made before Braeberne struck the ore in the Ida May section and it became known that this vein was striking toward Bralorne. Then a new deal was made, with all prior options cancelled. Under the new deal D. A. Hamilton & Co. was given an option to purchase 800,000 shares at 15 cents a share, to net the company $120,000. This sum, it was stated, was more than sufficient to take care of all obligations, develop the property and leave sufficient shares in the treasury to permit the company in case sufficient ore is found, to install a mill.

Kenecho Reports Funds To Finance Development

Kenecho Gold Mines, recently formed to develop 12 claims on Echo Bay, Kenora mining division, reports it has just completed financial arrangements with Toronto interests which will provide funds for a development campaign. The property has been reported on by M. B. R. Gordon. Principal work to date has consisted of surface trenching and pitting and shaft sinking on the No. 1 vein to a depth of between 50 and 60 ft. This property is located to the south of Kenricia Gold Mines. The company is capitalized at three million shares $1 par value, of which 1,053,000 shares will be issued for properties and development to date and are held in escrow.

Officers and directors include Harry F. Dahn, president; Charles Young, vice-president; N. L. Donevan, secy-treas.; Norman Walker and M. B. R. Gordon, directors, all of Toronto.

New Ore Disclosed At McMillan Gold

From Our Own Correspondent

SUDBURY.—Drifting to the east on the 525-ft. level since resuming mining operations early this month, McMillan Gold Mines, in the West River area has opened up a heavily mineralized section, and to date a vein length of an additional 40 ft. has so far been proven. President G. A. Foot states this ore is entirely new and had not been disclosed in previous operations.

The management expected to have the 125-ton mill again in operation by Nov. 20. In the meantime ore is being drawn from the mine and the bins are being filled preparatory to resuming production.

Evan Harris, formerly with Lake Shore Mines and Falconbridge Nickel Mines, is now in charge of operations, with C. H. Hitchcock of Sudbury as consulting engineer.

News Concentrates

Algold Mines—The west ore zone has now been opened up on surface for 110 ft. and officials believe it will extend to between 450 and 500 ft. In the lengths opened the average width is 20 ft., and bulk sampling, after removing free gold, gave an average of $7 per ton across this width. Work on the same ore body at the 200-ft. level indicates a somewhat greater width than on surface, officials report, 23 ft. being the width as given by the engineer.

* * *

Arbade Gold Mines—Reports that the new 80 h.p. Ruston Diesel engine, a 400 cubic ft. Ingersoll-Rand compressor together with receivers and other necessary equipment, have been delivered at the property and are now completely erected, preparatory to resuming shaft sinking. The shaft is now down 100 ft., the first objective being the 250-ft. level.

* * *

Darkwater Mines — Permission of the Ontario Securities Commission and the managing committee of the Toronto Stock Exchange has been given to the release from pool of 175,000 shares of Darkwater Mines Nov. 20. This amounts to 50% of the 350,000 vendors' shares pooled to Oct. 31.

* * *

Capps Gold Mines — Underground development from three mine openings at this property in North Carolina continues to yield favorable results, according to word from the field. Lateral development is being carried out on the various levels of the shafts, two of which are on the Capps vein and on the Jane vein.

* * *

Halliwell Gold Mines—Following a favorable report on the property by the company's geologist, John D. Rogers, orders have been given for sinking machinery, and shaft sinking will be under way by Dec. 1. The company has on hand approximately $300,000 in cash, call loans and accounts receivable and sufficient stock in the treasury to raise this to nearly $450,000.

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May Impressed By Lake Rowan

Engineer Reports Favorably on Red Lake Property

Reporting on the property of Lake Rowan Gold Mines on Golden Arm at the northwestern part of Red Lake, Ont., William T. May, consulting engineer, states that the property has "attractive possibilities."

The Discovery Hill area which formerly gave an estimate of 387 ft. of ore, 30 inches wide and 0.65 ounces ($22.60) gold value has recently been checked by careful stripping and sampling, Mr. May states, showing a weighted average of 333 ft. of ore, 27 inches wide of 0.432 ounce ($15.14) gold values. Mr. May says this area offers production possibilities in a comparatively short time.

Development up to the present has taken the form of trenching, stripping, test pitting, sampling and mapping. The results, Mr. May states, have been most encouraging and the company is carrying out an extensive diamond drilling programme to be followed by underground development work.

Lake Rowan, according to this report, has at present $125,000 available for exploration and development work. The company has negligible liabilities.

Work Starts on Road To Chibougamau Lake

Contracts have been let for the cutting of a winter road from St. Felicien, Lake St. John district, to Chibougamau Lake in Quebec, the Hon. Onésime Gagnon, Minister of Mines and Fisheries for Quebec, announces.

The road is 135 miles long, and in order to ensure its completion before Jan. 1, contracts have been divided into two parts. Contractors are already at work and there seems little doubt that tractor transportation will be in full swing early in January. Already it is reported that several thousand tons of supplies, provisions, machinery and equipment are now being gathered to be shipped over this winter road.

Contract for sections "C" and "D," a distance of 72 miles from White Fish Lake to Cachee Bay, was awarded to R. T. Gilman, Montreal, for $57,600. Armand Levesque, of Roberval, was awarded Section "A" and "B," a distance of 63 miles from La Dore, at the head of Lake St. John, to White Fish Lake.

Mooshla Gold Mines—H. S. Denny, consulting engineer for this company, states that the high-grade strike recently reported on the O'Leary Malartic property comes practically up to the boundary of Mooshla. The nearest trench is only 30 ft. from the boundary. Mr. Denny believes this vein can be shown to extend on to the Mooshla property.

Hard Rock Mill To Be Deferred

Important Development Under Way in No. 2 Shaft Area

In the progress report covering operations at Hard Rock Gold Mine from March 1 to Oct. 31, 1936, J. C. Dumbrille, manager, states that while tentative plans for production have been considered, in view of the important developments now under way at the No. 2 shaft, he is of the opinion it is advisable to defer final decision in this regard. The underground work already under way will give the necessary information to determine the best milling programme.

In the No. 2 shaft area, Mr. Dumbrille states that stripping of the porphyry outcrop and intensive sampling, coupled with diamond drilling, indicated that a large tonnage of ore of commercial grade could be developed in this section. The No. 2 shaft, which is a three-compartment vertical shaft was discontinued at 177 ft. and the 150-ft. level established. In sinking this shaft, it was found that the shearing in the porphyry which dips southward at a steep angle carries excellent ore values until it passes out of the shaft. A very large development programme is necessary to open up this interesting new development to the same depth as the No. 1 shaft and join the workings on the 450-ft. horizon. This work is being pushed.

Equipment for electrification of the plant has been ordered and construction of a power line to connect with the Ontario Hydro Electric Power Commission's line is under way. Electric power should be in use at the mine early in 1937.

The company plans to increase the authorized capitalization by the creation of 500,000 new shares to be offered as rights to shareholders. The 2.5 million shares now authorized are all issued and outstanding as fully paid shares.

Doreva is Equipped For Winter's Work

Doreva Gold Mines, owning a large acreage in the Bousquet-Cadillac area of Quebec, reports a free gold discovery in the No. 1 pit. The company is now sinking numerous pits along the showing from six to eight feet in depth. Three diamond drills are at work on the property. Other equipment in connection with the winter's programme which includes shaft sinking is on the property.

Macassa Mines—October production is reported at approximately $105,842 from 6,267 tons, giving an average of $16.86 per ton. In September production amounted to $105,064 from 5,980 tons or $17.57 per ton.

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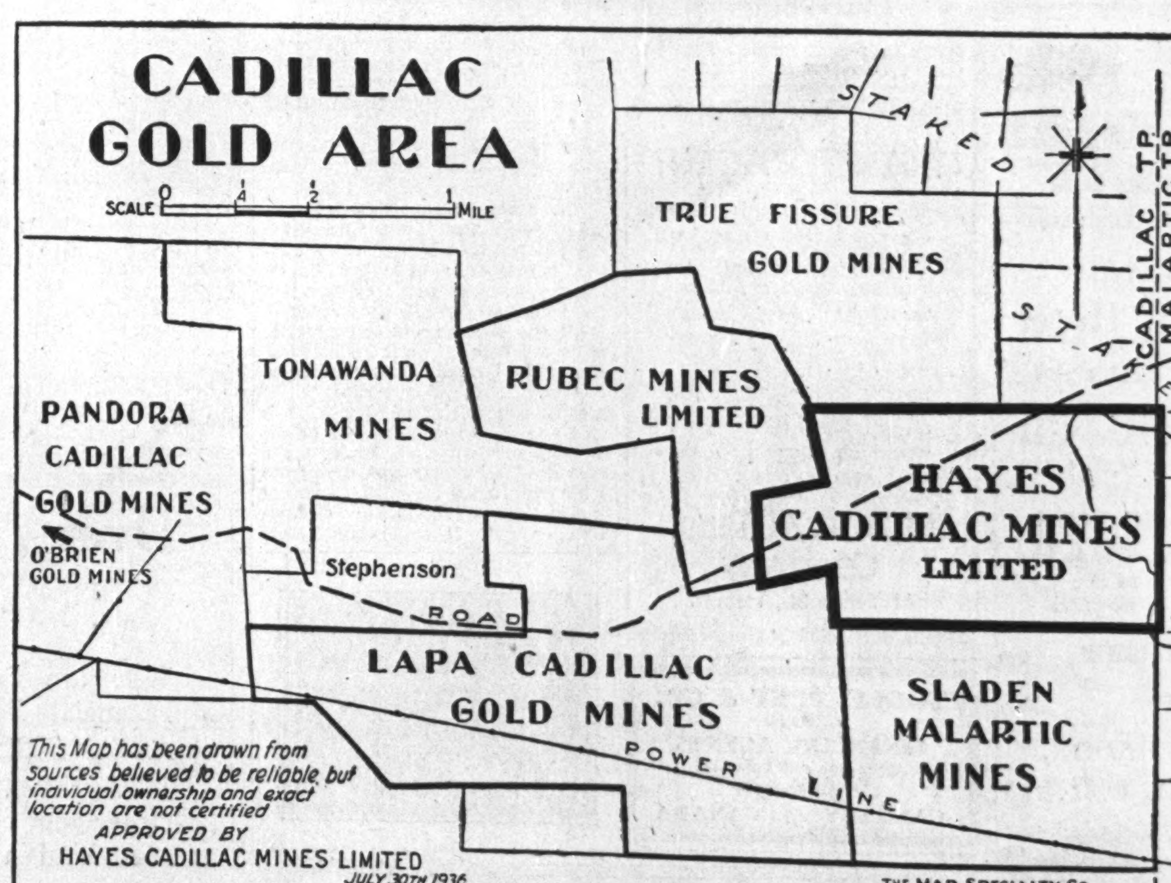

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Hope of Crude Causes Boom In Oil Stocks

Oilmen Now Talk of Pipe Line to Vancouver

GOOD OLD DAYS' BACK

From Our Own Correspondent

CALGARY.—Oil boom days were back in Calgary recently as buyers of Alberta oil stocks broke all records of the Calgary Stock Exchange since January, 1930 in respect to volume of purchases. There was the old time boom atmosphere as stocks jumped many points in a few hours only to decline almost as rapidly later.

Behind the boom was the psychology of those who believe that Turner Valley is on the verge of proving a great crude field. It does seem apparent that in the next month or so, its possibilities in this regard will be more definitely known, as three wells in the southwest flank are now drilling in the limestone near what is hoped will be the crude producing horizon, the horizon tapped by Royalties.

Turner Valley is still, principally, a wet gas and naphtha field, but oil men believe it will obtain new prominence soon as a crude oil field.

Search Unabated

An instance of the extent of the search soon to be undertaken by oil companies was an announcement by W. S. Herron, pioneer oil operator, one of the discoverers of Turner Valley and president of Okalta Oils, that the company had made arrangements for the drilling of eight wells on Okalta leases on the southwest fold. If these eight wells are successful, another eight will be started under the terms of deals completed. Okalta will get royalties ranging from 10 to 15% while the wells will be drilled by various interests including the Anglo-Canadian Development and Holding Co. of Vancouver and Calgary; Eastern Canada capital forming a new company; McDougall-Segur Exploration Co.; P. S. Woodhall of Calgary and Associates; Equitable Agencies of England and British capital; Alberta Pacific Consolidated; and William Hynes of Vancouver and associates.

Ten Wells Drilling

At the present time there are 10 wells actually drilling in southwest Turner Valley. They are B. and B., Renfrew, Central, Dalhousie 8, Newfold, Foundation, Sovereign, Sterling Pacific 3, Sterling Pacific 4 and West Side. Richfield is to start up as soon as Renfrew is completed.

The Anglo-Canadian Development and Holding Co. has undertaken to complete the Weymarn well on the Pincher Creek structure as soon as the crew on the Foundation well is free. The well has been standing for several months at a depth of 5,665 ft. and there have been showings of gas and crude oil. On a structure just east of Turner Valley, the New Valley well, down 6,660 ft., has struck good crude showings and, at last report, 100 ft. of crude was standing in the hole as drilling proceeded. West of Olds on the Hunter Valley structure, the McLaren well, financed by British capital, is reported encountering excellent showings of oil and gas at about 6,725 ft.

Pipeline to Vancouver

Paul Von Weymarn, president of Weymarn Petroleum, Ltd., raised the question of a pipe line from Calgary to Vancouver which would convey oil to the coast city.

At a meeting of oil men, Mr. Von Weymarn said:

"I have, unfortunately, no data available to estimate the cost of such a project but a good guess is that the construction might amount to from $23 millions to $25 millions, half of which would go to the building of the pipe line itself and the rest to pumping and heating stations and so forth. As large as it appears, this amount represents the gross value of only six months production of only 100 wells of the size of the Turner Valley Royalties, and this is not a large quantity of producers—even for one medium sized oil field."

Mr. Von Weymarn further declared the expense of such construction would about equal the cost of one modern battleship but it would increase appreciably the safety and fighting power of a whole fleet in the Pacific ocean in years to come.

Reports Favorably On B.C. Placer Group

From Our Own Correspondent

WINNIPEG.—Dr. J. F. Wright has returned from an examination of the property of Scotch Creek Placers, a Winnipeg company operating a placer property in British Columbia. He makes recommendations for the obtaining of a larger water supply and the further testing of a bench now being worked.

From these workings, gold nuggets running up to an ounce in weight have been recovered and the geologist believes examination of two further sections will give a fair average value for the entire bench of about 3,200 ft. The company owns much other property which Dr. Wright recommends should be tested.

Preston East Gold Shares Put on Curb

From Our Own Correspondent

MONTREAL.—Montreal Curb Market has called for trading shares of Preston East Gold Mines. The listing covers three million shares of $1 par value, of which 2,884,000 shares have been issued and 716,000 shares remain in the treasury. Of the issued stock, a total of 516,000 shares are under option as follows: 466,000 shares at 50 cents a share and 50,000 shares at $1.75 a share.

Consol. Chibougamau Releases Optioned Stock

From Our Own Correspondent

MONTREAL. — Consolidated Chibougamau Gold Field has notified the Montreal Curb Market that 25,000 shares have been taken up under the underwriting and options contract, leaving outstanding 340,000 shares under option at $1 a share.

Brokerage Firm's Collapse Is Blow to Mining Circles

From Our Own Correspondent

WINNIPEG.—On the application of Oddur Olafson, M.L.A. elect for Rupertsland, Mr. Justice Donovan in chambers has appointed W. S. Newton as receiver for the firms of Anderson Greene & Co. and the Anderson Grain Co.

Mr. Olafson stated in his application he had open trades with the firms which both went into voluntary liquidation recently, aggregating about $9,000 and that he had deposited as collateral and not for sale stocks to the value of about $30,000. The granting of the application and the appointment of Mr. Newton as receiver, merely widens the scope of his authority as under the application made by the financially embarrassed firms he had already been appointed liquidator.

No information was available immediately as to the extent of the failure but it is not considered likely it will be less than the suggested amount of $100,000 and may be much more.

Had Large Clientèle

The firm had a large clientèle of mining men, some of whom, during the last few years have become comparatively wealthy. Some of these had left practically all of their securities in the hands of Anderson and Greene and are quite likely to be heavy losers.

What effect the closing down, some months ago of Gold Lake and the dropping of stock values from a fair level of around 40 cents to around 12, may have had is one of the matters about which no information is yet available. It is pointed out, however, that unless the stock had been hypothecated as collateral, it should have had no particular effect upon the fortunes of the brokerage house. T. C. Anderson was president of Gold Lake Mines but the financing was being done, first through P. E. Hopkins, later through W. C. Pitfield and Co. and Anglo-Huronian Ltd. and again through Mr. Hopkins.

In the statement of preliminary expenses that covered a period from 1934 to 1936, T. C. Anderson drew roughly $11,000 in salary and expenses which would indicate that all costs for roughly a two-year period have been carried by the Gold Lake Co. and not by any other firm or individual.

Mining Enquiries

Lamaque Contact

Could you supply me with some information about Lamaque Contact. At one time it was up around 45c. and has since dropped back to 17c. Has this property a chance?

Lamaque Contact is currently drilling its property in Bourlamaque, following a geological survey made in August.

This property was drilled in 1934 and while some good values were obtained at depth of 215 and 355 ft., geological conditions were uncertain. No underground work has been undertaken as yet.

The location of this property is in its favor but until further work is done it is impossible to estimate what chances it has of meeting with success.

It appears that the rise in market value last summer was partly, at least, the result of aggressive selling on the part of a group of Toronto promoters. This selling campaign cannot be blamed on the management of the company, however, most of whom are experienced mining men.

The company claims to be at present amply financed to carry out the proposed drilling. In the meantime there is little one can say about the property except that it probably has a chance.

Richmac Gold

What is the present status of Richmac Gold Mines? I notice by your paper that the old Richmac has surrendered its charter. How will this affect old shareholders?

Richmac Gold Mines was succeeded by Richmac Gold Mines (1936) Ltd. The old Richmac Gold Mines has surrendered its charter. Shareholders of the original Richmac will ultimately receive one new share for five old shares. We understand from W. L. Boyle, secretary-treasurer of the company, that this stock is being treated as vendor stock and will not be distributed until the property is in a more advanced stage of development. The office of the company is c/o McLaughlin & McLaughlin, barristers, 372 Bay St., Toronto.

The Richmac property is in the hands of experienced mining men and has given good results to date. The stock is still, of course, a speculation.

South McKenzie Island

Some months ago, on the advice of Wellington Booth & Co., I bought some stock in South McKenzie Island Mines at 30c. a share. Shortly afterward it was quoted at 37c. Now I don't see it quoted at all. What's up?

Wellington Booth & Co. is no longer in business, the official records showing it "voluntarily" surrendered its Ontario license on Oct. 20 last.

The method used by this company to sell stock in South McKenzie Island Mines was not such as to inspire confidence. Owing largely to the publicity which the Red Lake field received this summer, the market price of this stock reached proportions which had little relationship to the actual property developments.

At the present time we are informed by unlisted dealers that there have been no bids for this stock for some time. The "market" appeared to be largely artificial.

As for the property itself, it is in a fairly attractive location in connection with other properties in the field. At the present time work has been suspended pending a report by F. M. Passow, consulting engineer. This report, covering results of the whole summer's work, was not mailed from the property in time to avoid the tie-up caused by the freeze-up. This report should be available in a week or so and is expected to throw considerable light on the merits of the property.

In view of the lack of marketability, there appears to be little else you can do except hold on to your stock in the hopes that a normal market will be established for it.

Pend Oreille

I would like an analysis on Pend Oreille Mines and Metals, in which I am interested.

The market price of Pend Oreille Mines and Metals has fluctuated violently in recent years and fell from a high of $24 in 1928 to a low in 1935 of 40 cents and a low in 1936 to date of 65 cents.

The decline in prices has been due, of course, to the low metal prices which caused the operation to shut down in 1932.

During 1935 a new mill was built and has a present capacity of 300 tons per day. Production was resumed in Jan. 1936.

While the outlook for zinc in the world markets is very obscure, it is generally considered that demand for lead, the company's other major metal, will be strong at least for the next few years. This should lead to better prices in both the United States and European markets. Zinc should improve as industrial activity gets back to normal.

Satisfactory earnings should be shown at present metal prices, however, and costs can be expected to decrease with the mine in steady production.

As to ore reserves, these have not been definitely estimated but are stated to be sufficient to justify production at the 1,200-ton daily rate. Between the old and new workings drilling has indicated a new supply of 1.5 million tons with a metal content 25% higher than the previous average.

As at April 30, 1936, current liabilities exceeded current assets by $76,011. In addition $81,990 of stock was borrowed from shareholders, but there were loans of $145,942 to affiliated companies. Recently the directors received authority to issue 117,000 shares of treasury stock to replace the share loan referred to above.

While a great deal of work remains to be done before the property can be on a sound operating basis, under present conditions the stock has probably a better outlook than it has had for some years.

Red Lake Centre

I understood work was to be resumed on Red Lake Centre this fall. Has anything been done, or will something be done this winter?

Red Lake Centre Mines transferred its assets to New Red Lake Centre Mines for one million shares in that company. Eventually the old stock will be exchanged on a basis of one new for two old. We understand this distribution has not yet been made but that, if you are a registered shareholder of Red Lake Centre Mines, you will in a short while receive word in this regard.

As you probably know the property has not been actively developed, pending new financing. We are informed the company has an engineer on the property and that he is shortly to make a report to directors. This report, officials inform us, will be available in a week or so.

The address of New Red Lake Centre Mines is 502 Commonwealth Building, 21 King St. E., Toronto. The transfer agents of the company are the company's head office.

We would suggest, if you have not already done so, that you get your stock registered in your own name.

Current Chatter From B. C.

From Our Own Correspondent

A mill will probably be operating on the property of National Gold Mining Co. in the McGillivray Creek section of the Bridge River country, next summer, according to Thomas Brett, director. Financing has been made available for the development programme recommended by B. W. W. MacDougall, consulting engineer. The company already owns a 200-ton mill.

Plan Increase at Hedley

Hedley Mascot is another property on which mill expansion is contemplated. The mill is now handling 100 tons daily.

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Meridian and Congress

Shareholders of Meridian Gold Mines have agreed to the deal with Congress Mine, Bridge River, whereby it will turn over its mill to the latter company under a cash and share exchange arrangement. The agreement will probably be ratified at a subsequent meeting to be held in Vancouver, although a strong group of Meridian shareholders is opposed to the deal.

• • •

Planning Increase

Fairview Amalgamated is planning to increase its mill capacity following the Fairview-Morning Star amalgamation. The company is now operating a 60-ton plant, and it is believed costs would be reduced if production were stepped up. The ore is generally of a milling grade, with occasional enrichment. The entire property, it is said, would lend itself successfully to a much larger milling operation. The company is obtaining its power from West Kootenay.

• • •

Gold Mountain's Mill Ready

Gold Mountain's new mill near Hedley will probably commence operation in mid-December. Construction is being rushed, a power line has been installed, and steel towers for the tram will be set up at once.

Report Sees Better Future For Fairview

Work Since Merger Has Improved Ore Conditions and Finances

ORE FOR YEARS

Improved conditions at the property of Fairview Amalgamated Gold Mines, in the Penticton, B.C. area, is reflected in an interim report to shareholders just issued. The report covers operations since the consolidation of Fairview Amalgamated and Morning Star last May.

At the end of September, the company reports there had been stopped, in excess of ore delivered to the mill, about 9,000 tons of ore, of which 6,000 tons was on the Fairview property, and 3,000 at the Morning Star. This broken ore had a gross gold and silver content of over $70,000. In addition there are 5,000 tons assured ore in the Morning Star. Development in both mines, states G. J. Vaux, president, has shown that indicated ore is sufficient for several years' operation.

For the four months ended Sept. 30, the mill averaged around 60 tons per day. This capacity was increased Oct. 21, and the mill is now handling in excess of 100 tons per day. A production schedule of $20,000 a month has been set, with a maximum expense of $10,000.

Directors of Morning Star have decided to call the annual meeting toward the end of October, when it will be recommended that the company surrender its charter and Fairview Amalgamated shares held by the Morning Star be distributed on the basis of 360 shares of Fairview for each 1,000 shares of Morning Star held.

Study Geology Of Kewagama

Ventures to Finance Work on Property Next to O'Brien

Kewagama Gold Mines has been formed with an authorized capitalization of five million shares to develop the property of Canadian Gold Operators adjoining O'Brien Gold Mines to the east. Canadian Gold Operators will receive 2,417,000 on a share for share basis. Ventures Ltd. and associates are taking 500,000 shares at 25 cents per share and will be given options an two additional 500,000 share blocks, one for six months at 35 cents per share, and other for 18 months at 50 cents per share.

In 1931, this property was acquired from Cartier-Malartic Co. by Canadian Gold Operators. Nine diamond drill holes were put in from surface, five of which encountered intersections showing visible gold, but none in sufficient width or concentration to constitute commercial ore.

Subsequently, a two-compartment shaft was sunk to the 125-ft. horizon, and some 1,500 ft. of drifting and crosscutting were done on that level. This work explored the structure 900 ft. out of a total strike length of 4,500 ft. believed to exist on this property. No commercial occurrence was encountered, although considerable width of very low-grade material were crosscut at two points. This work was discontinued in 1933, and the workings were allowed to fill with water.

Recent development at O'Brien and at Thompson-Cadillac have led to the belief that structure which may prove of economic value in Kewagama ground may be the eastern extension of the structure traversing the above two properties on the west. Work on Kewagama will be aimed at exploring this structure, and to investigate the low grade possibilities of the property.

Quebec Solicits Money for Roads

From Our Own Correspondent

MONTREAL. — Ottawa will be asked by the Quebec Government to provide at least $1 million more this winter for road-building in the mining provinces of Canada. This is in addition to a similar sum already voted last June of which Quebec's share was $350,000.

Hon. Onesime Gagnon, Quebec Minister of Mines and Fisheries, has made overtures to the Hon. T. A. Crerar, Federal Minister of Mines, and is hopeful something will be done shortly.

In regard to the sum voted, for roads in June, Hon. Onesime Gagnon states that Quebec has fulfilled its part of the terms of the advance and now has more than 1,000 men at work at road-building in the Abitibi region alone.

More than $500,000 will be expended on the projects under way, he said, but the province wishes to develop the work still further and would need the help of Ottawa.

Quebec has a programme involving over $1.5 million for roads in that district next spring, but its exchequer will not permit it to bear the cost alone.

Canadian Western Gas Pays Third $1 Dividend

Canadian Western Natural Gas, Light, Heat & Power Co. brings up to $3 a share the total payments on the common stock this year with a distribution of $1 a share on Dec. 1.

A dividend of $1 a share was paid Jan. 31, 1936, and another $1 a share was paid on June 1.

The total of $3 a share is the same as was paid in 1935 and is an increase of $1 a share over the 1934 distributions. Earnings in 1935 were shown at $4.22 a share on the common.

Dominion Gas & Electric Co. owns 84% of the 80,000 Canadian Western common shares and so receives the major portion of the total dividends of $240,000 this year.

Wants B.C. Gov't To Train Miners

From Our Own Correspondent

VANCOUVER. — Although the Provincial Government has already established training camps for prospectors and has encouraged young men to enter the placer fields, the B. C. Chamber of Mines believes an important contribution to the solution of the unemployment problem would be establishment of training facilities for hard rock miners.

Frank Woodside, secretary of the Bureau of Mines, says there is a real need for skilled hard rock men in the mining camps of B. C. and that the Government could help meet the situation by establishing a miners training school. In a letter to the provincial minister of mines, Hon. George S. Pearson, Mr. Woodside has outlined the case.

Mining Companies Newly Formed

Athabaska Nickel Co.—Sask. incorp. Oct. 19, 1936. H.O. Regina. Author. cap. $3,000,000, par $1.

Barkoola Gold Mines—B.C. incorp. Nov. 2, 1936. H.O. 425 Howe St., Vancouver. Author. cap. $350,000, par $1.

Barraute Mining—Que. incorp. Oct. 15, 1936. H.O. Montreal. Author. cap. $199,999, par $1.

Beaucourt Gold Mines—Que. incorp. Oct. 10, 1936. H.O. Montreal. Author cap. $3,000,000, par $1.

Black Panther Mining—B.C. incorp. Oct. 13, 1936. H.O. Suite 4, Croll Block, Port Alberni, B.C. Author cap. $20,000, par $1.

Bridge River United Gold Mines—B.C. incorp. Oct. 30, 1936. H.O. Room 705, Birks Bldg., 718 Granville St., Vancouver. Author. cap $1,500,000, divided into 3,000,000 shares of 50 cents each.

Cambrian Rand Explorations—Dom. incorp. Oct. 27, 1936. H.O. Montreal. Author. cap. $100,000 divided into 10,000 shares of $10 each.

Central Chibougamau Gold Mines—Que. incorp Sept. 30, 1936. H.O. Montreal. Author. cap $3,000,000, par $1.

Chibougamau Ventures — Que. incorp. Oct. 12, 1936. H.O. Quebec. Author. cap. $599,999, par $1.

Cook Lake Gold Mines — Ont. incorp. Oct. 20, 1936. H.O. Toronto. Author. cap. $2,000,000, par $1.

Christie Gold Mines—B.C. incorp. Oct. 20, 1936. H.O. c/o John West, Victoria Hotel, Lillooet, B.C. Author. cap. $50,000, par $1.

Dawn Red Lake Gold Mines—Ont. incorp Oct. 16, 1936. H.O. Toronto. Author. cap. $100,000, par $1.

Delemar Mine Rouyn—Ont. incorp. Oct. 17, 1936. H.O. Toronto. Author. cap. $2,000,000, par $1.

Dubuisson Goldfields—Que. incorp. Oct. 10, 1936. H.O. Montreal. Author. cap. $3,000,000, par $1.

East Cadillac Syndicate — Que. incorp. Oct. 13, 1936. H.O. Montreal. Author. cap. $40,000, divided into 4,000 shares of $10 each.

Flobec Gold Mines—Ont. incorp. Oct. 15, 1936. H.O. Toronto. Author. cap. $3,000,000, par $1.

Florena Gold Mines — Ont. incorp. Oct. 20, 1936. H. O. Kirkland Lake. Author. cap. $3,000,000, par $1.

La Compagnie Miniere Mirador Mining—Que. incorp. Oct. 19, 1936. H.O. Montreal. Author. cap. $3,000,000, par $1.

McInnis-Kirkland Gold Mines—Ont. incorp. Oct. 16, 1936. H.O. Toronto. Author. cap. $1,000,000, par $1.

McRae Gold Mines—Que. incorp. Oct. 13, 1936. H.O. Montreal. Author. cap. $5,000,000, par $1.

The Neely Lake Mining — Sask. incorp. Oct. 19, 1936. H.O. Regina. Author. cap. $3,000,000, par $1.

Orland Gold Mines—Dom. incorp. Oct. 6, 1936. H.O. Ottawa. Author. cap. 3,000,000 shares no par value.

Prince Lake Mining—Sask. incorp. Oct. 19, 1936. H.O. Regina. Author. cap. $3,000,000.

Radio Prospectors—Que. incorp. Oct. 3, 1936. H.O. Bourmont. Author. cap. $20,000, par $1.

Roy Chibougamau Mining—Que. incorp. Sept. 30, 1936. H.O. Quebec. Author. cap. $299,000, par $1.

Sarmac Gold Mining—Que. incorp. Oct. 22, 1936. H.O. Montreal. Author. cap. $3,000,000, par $1.

Scott Chibougamau Mines—Que. incorp. Oct. 15, 1936. H.O. Montreal. Author. cap. $3,000,000, par $1.

Thompson Bousquet Gold Mines — Que. incorp. Oct. 16, 1936. H.O. Montreal. Author. cap. $3,000,000, par $1.

Valloo Gold Mines—Ont. incorp. Oct. 19, 1936. H.O. Toronto. Author. cap. $3,000,000, par $1.

Waverley Consolidated Gold Mines—Dom. incorp. Oct. 10, 1936. H.O. Montreal. Author. cap. 1,000,000 shares, no par value.

West Siscoe Gold Mines — Que. incorp. Oct. 22, 1936. H.O. Montreal. Author. cap. $3,000,000, par $1.

Surrender of Charter

Basin Gold Mines—Notice given Oct. 21, 1936, that company will make application for leave to surrender its charter.

Grozelle Kirkland Gold Mines — Notice given Oct 23, 1936, that application for surrender of charter will be made.

Osweka Gold Mines—Notice given Oct. 20, 1936, that application for surrender of charter will be made.

Pandora Gold—Notice given Oct. 27, 1936, that application for surrender of charter will be made.

Teekotto Gold Mines—Notice given Oct. 19, 1936, that surrender of charter will be made Nov. 16, 1936.

Change of Name

Goldgrant Mines—H.O. Vancouver. Will apply for approval to change its name to Lucky Strike Gold Mining.

Capital Increased

Centaur Gold Mines—Supplementary letters patent issued Sept. 17, 1936, increasing the capital stock of the company from 1,000,000 shares, no par value to 1,500,000 shares.

Mandy Mines—Supplementary letters patent issued Oct. 6, 1936, increasing the capital stock of the company from 3,000,000 shares, no par value to 5,000,000 shares, no par value.

Get High Values At Gurney Gold

Company to Deepen Shaft to 625-ft. Horizon

From Our Own Correspondent

WINNIPEG.—Values as high as nine ounces of gold to the ton have been found in the raises in the Gurney Gold Mines, 12 miles north of Cranberry Portage, it is stated in a recent report from C. B. Dawson, consulting engineer. He explains these high values were obtained in selective sampling and at no time were such values included in the sampling done to determine average values.

During the past two months subsurface work has been confined to rounding out the ore picture above the 375-ft. level, the lowest horizon opened to date. Raises were driven from the 375-, 250-, and the 125-ft. levels and in each instance they opened vein material with widths and average gold content as good and in many instances better than average values established in the drifts.

The average of bulk sampling done is higher than the average of mine sampling across sections from which the bulk samples were taken.

To Deepen Shaft

During the present month a start is being made on deepening the shaft with the first objective being the 625-ft. horizon. Shaft sinking will be completed within the next few months.

Diamond drilling from the lowest level shows persistence to at least 500 ft., no holes having tested below the 500-ft. horizon.

Old Horseshoe Yields Brick For Kenland

Property in the Lake of Woods Area Revived

$5,000 IN 2 WEEKS

From Our Own Correspondent

KENORA, Ont.—Lake of the Woods has a new producer, Kenland Gold Mines, which is operating the old Horseshoe mine from which, it is reputed, $500,000 in gold was taken early in the century.

The first gold brick poured at this property amounted to $2,500 while Hilding Johnson, the manager, tells The Financial Post it is expected the next one, representing two weeks' operations, will amount to $5,000.

Up to two weeks ago concentrates stored at the mine were valued at $9,000. The mill is operating at 50 tons daily capacity, millheads are running at approximately $12.50.

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Canadian Homestake Dewatered

Dewatering of the 235-ft. shaft at the Canadian Homestake mine, also known as the Scramble, five miles west of here, has been completed by Mines Development Co. which is sponsored by Siscoe Gold Mines, Stanley Gold Mines and Siscoe Extension Mines and an examination of the workings is now being carried out.

If the sampling is of sufficient interest, this company will proceed with a development programme with a view to bringing the property into production as quickly as possible. J. B. Lynch, president of Siscoe, is on the Board of Mines Development. A crew of eight men was working when the property was visited by the writer.

• • •

Kenricia Gets Power

Kenricia Gold Mines will be sinking under power before this is published according to word from D. A. Duff, manager, when at the property. The plant is completely installed and headframe erected. Total capacity of the plant which includes Diesel and steam units, is 325 h.p. The Kenricia is sponsored by the Joseph Errington interests which are also carrying out a programme of surface exploration with a view to diamond drilling on a property located within the town limits of Kenora.

• • •

Brae Breest Visited

A programme of 2,700 ft. of diamond drilling has been completed at the property of Brae Breest Mines, five miles west of Kenora, when visited by The Financial Post a few days ago.

Although H. M. Wheimster, manager, was not in a position to give details of this work, they were encouraging as is evidenced by the fact that the company has instructed him to proceed with the erection of permanent camps for 30 men while a second contract of diamond drilling has been let, this time for 5,000 ft. of depth work.

The ore body at this property is a great porphyry mass 800 to 900 ft. across and possibly wider as the south contact has not yet been discovered. Mineralization, pyrite and chalcopyrite, is evenly disseminated across the entire width and length which has been traced for 1,500 ft. so far. Sufficient work has not yet been completed to state definitely values, but Mr. Wheimster is confident that, should it prove up, it will be a low-grade high-tonnage proposition.

A crew of 15 men has been employed to continue the surface exploration when camps are built. Foundations of the buildings were just beginning when the property was visited. Diamond drilling is scheduled to be recommenced this week.

Ronda Drill Gets Results

Work Done From 300 ft. Cuts 7-ft. Section of Quartz

From Our Own Correspondent

SUDBURY. — Results that are pleasing to officials of the company have been experienced in the diamond drilling programme from the 300-ft. level of Ronda Gold Mines, in the West Shining Tree area, according to information given to The Financial Post by officials here. Mark Little, consulting engineer, reports that the core from the last hole completed carried at 112 ft. vein matter continuing to 119 ft. below the 300-ft. level. Of this 7-ft. section, 25% shows quartz. From the 119-ft. section to 128.8 ft. he reports 90% well mineralized quartz. From this point to 135 ft. the vein matter is between sparsely mineralized to exceptionally well mineralized.

The present drilling programme is preliminary to sinking of an internal three-compartment shaft from the 300-ft. level to 550 ft. Mr. Little expects this work will be under way early in January. It is stated at least one more hole is to be drilled which will probably be a flat one put out from the 300-ft. level. The total footage of this drilling campaign involved a total of 2,500 ft.

In addition to operations at Ronda, Lake Caswell and Bilmac Mines, announcement is made that Mineral Estates Ltd. has acquired the Bullock group of claims near Granite Lake. A prospect shaft to a depth of 20 ft. was sunk in earlier operations, and several veins have been located. The present owners deem further work warranted. It is stated the Ribble vein from the property of Ronda Gold Mines has been located on the Bullock claims and shows good width and values. Further exploration will be carried out, including diamond drilling.

Union Gas Co. to Pay 12½ Cents on Common

Directors of Union Gas Co. of Canada have declared a common stock dividend of 12½ cents a share, payable Dec. 15 to holders of record Nov. 23.

This will bring total payments in 1936 to 35 cents a share, 10 cents a share having been paid on June 10 and 12½ cents a share on Sept. 15.

OPTIONS

In accordance with listing regulations, the Toronto Stock Exchange has been advised regarding options and underwritings upon the treasury shares of the following companies:

Clerley—Optionee has arranged to take up 10,000 shares, part of Nov. 4 installment of 35,294 shares at 8½ cents per share and balance comprising 25,294 shares has been extended to Dec. 4. The company has taken an option on 12 mining claims comprising 730 acres in Joannes Township, Quebec, purchase price being 100,000 shares deliverable, 5,000 shares down, 20,000 by Feb. 1, 1937; 25,000 by Aug. 1, 1937; 25,000 by Feb. 1, 1938 and 25,000 by Aug. 1, 1938.

Hard Rock—Balance of option comprising 50,000 shares at 75 cents per share exercisable by Dec. 1 and 49,995 shares by Jan. 1, has been fully exercised.

Lake Maron—A block of 350,000 treasury shares has been sold at 9 cents per share or a total of $31,500.

Manitoba & Eastern—Balance of option Feb. 28 comprising 150,000 shares at 25 cents per share by Nov. 30 and entire option under agreement March 30, 1936, comprising 25,000 shares at 15 cents by Dec. 1; 25,000 shares at 20 cents by April 1 and 25,000 shares at 30 cents by Aug. 1, have been cancelled by mutual consent.

Norgold—Balance of option dated Oct. 20, comprising 1,000,000 shares at prices ranging from 10 cents to $1 per share has been cancelled, the Nov. 1 payment not having been made.

Sudbury Contact—An additional 45,000 shares, part of the Nov. 30 installment, have been taken up at 25 cents per share under Oct. 10 option. Balance comprises 35,000 shares at 25 cents by Nov. 30; 100,000 shares at 30 cents by Dec. 31.

Eldorado Gold Mines Stock Listed in Montreal

From Our Own Correspondent

MONTREAL.—Stock of Eldorado Gold Mines has been called for trading on the Montreal Curb Market. The company's capitalization consists of four million shares of $1 par value, of which 3,278,000 have been issued and 722,000 remain in the treasury.

Adits

Where the contour of the country permits, the driving of an adit or tunnel into a hillside to cut your vein structure is more economical than shaft sinking. Empress Consolidated Gold Mines plans to run several adits through the exceptionally wide vein structure already indicated. The ore from these adits will be put through a 60 ton bulk sampling mill now under course of construction. Full details will be forwarded upon request.

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The "A" shaft on this interesting property is expected to reach its objective of 360 feet during the current month. High-grade ore has already been disclosed on the first two levels and when the new third level is to be opened as soon as possible, we believe the shares merit your immediate consideration.
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"Crown Prince" Manning

From "Stooge" With Aberhart When They Were Radio Team, 27-Year-Old Now in Virtual Control of Social Credit Programme

From Our Own Correspondent

EDMONTON.—Reins of control of practically all important aspects of the Social Credit programme in Alberta have been placed in the hands of Hon. E. C. Manning, youthful right-hand man of Premier William Aberhart.

Cabinet responsibility for the Credit House, the mechanism of the proposed creation and issue of credit dividends and free loans, was placed on Mr. Manning by order-in-council, and a number of recent reorganization moves brought under his control statutary powers relating to labor conditions, hours of work and wages. By virtue of his portfolio as minister of trade and industry, he administers the business code and possesses price-fixing powers.

Assumes Wide Powers

In these powers lie control of the main projects of the Aberhart programme, the machinery for dividends and credits, and the proposed "just price" or price control structure.

Thus Mr. Manning has the rôle of "Crown Prince" in the present régime in Alberta, and his position is emphasized by the extent to which other ministers have been left out of the allotment of duties in regard to the Aberhart scheme of economic reorganization. His department has become the Social Credit branch of the Government, and it appears that the watchword of the Aberhart cabinet, when questions of detail of the Social Credit programme have come up, has been: "Let Ernest do it." And the approach of the dividend deadline (now put off indefinitely until Yuletide at least) finds Ernest Manning on the job as the chief architect of a self-contained Social Credit economy in Alberta.

But 27 Years Old

Mr. Manning is the only leading figure in the Social Credit movement who can look back to close associations with Mr. Aberhart prior to the time when the Alberta premier discovered the word "economits" some four years ago. He is 27 years of age, was born in Carnduff, Sask., lived most of his life on a farm near Rosetown, Sask., where he secured a grade school education. The main formative influence in his life has been Mr. Aberhart, and he is the nearest complete product of the theological institute operated at Calgary by the Alberta premier.

By one of the quirks of natural forces governing radio waves, reception of Calgary programmes is possible in the Rosetown, Sask., district, while neighboring districts listen to other stations. Thus in 1926, when young Manning brought home to the farm a radio set, he fell under the influence of a voice from Calgary, which had just then begun crying over the prairies warnings of the millennium and exhortations to sinners to be born again. In 1927 he set off for Calgary, on the pathway which was to lead him to public office and prominence. The etherborne voice, of course, was that of Wm. Aberhart, B.A., founder of the Calgary Prophetic Bible Institute.

Lived With Aberhart

Mr. Manning entered the institute and became the special protégé of the prophet of the foothills. He lived in the Aberhart home, made the credo of his master his own, caught the power of prayer, studied the Aberhart theology till its maze-like pattern became familiar, learned the answers to all the common questions about Biblical prophecy, and by practice became perfect in the art of expounding the dramatic revlations of Old and New Testament seers. He became secretary of the

HON. E. C. MANNING

Bible Institute and assumed the post of first mate.

In 1931, Mr. Aberhart returned from marking school examination papers at Edmonton with a copy of Maurice Colborne's "Unemployment or War," a popular work on the Douglas theory, and through long evenings of assiduous application, the now famous Aberhart-Manning alliance for spreading the gospel of the New Economics was welded.

With Aberhart on Radio

The radio and the ready-made catechism, chief instruments of the Aberhart religious campaign, became the hand-maidens of the new economic crusade. Questions and answers were worked out and broadcast. Mr. Manning's part was that of "stooge," he asked the prepared questions. The new Alberta radio team achieved notable success.

In 1932 and again in 1933, the pair went on a tour of southern Alberta and thereby launched the Aberhart political movement. They beseeched the United Farmers Government to sponsor Social Credit. Pamphlets appeared and a volume of literature began to emanate from the Bible Institute. Personal appearances of the question-and-answer radio team attracted packed houses.

The Government brought out Major Douglas and invited Mr. Aberhart to Edmonton, where the testimony of both was heard, as well as expert opinion on the other side. Came 1935, with the Aberhart Blue Manual, an election campaign exacerbated by court cases involving members of the administration, and the high tide of the Aberhart movement. Victory for Social Credit meant naturally a first mate position for Manning.

Has Little Training

One of the youngest cabinet ministers in the British Empire, Mr. Manning claims to be no politician. His background corroborates this claim, for it reveals no training in politics or economics or public administration. Nor, it may be added, extensive business experience. His Bible Institute salary is said to have been $60 a month, but it was probably higher. In any case it was nothing comparable to the $6,500 a year he draws as cabinet minister.

Serious and industrious by nature, he applied himself to his new duties, and in the early months of office favorably impressed individuals having dealings with his department with his grasp of routine detail Against these early impressions must be placed recent confusions he has engendered among retailers and others vitally interested in the price-fixing and industrial reorganization programme he directs.

These confusions are attributed to contradictions and evasions arising out of Mr. Manning's discussions of his policies. The record of his public utterances form a mass of contradictions which leave the direction and aims of the Social Credit programme in utter obscurity. Neither from his speeches nor his background may be derived a coherent philosophy of business reform to enlighten the programme he directs. Mr. Manning is strikingly unoriginal in his ideas, though this is also true of all Mr. Aberhart's cabinet.

Just an "Echo" of Boss

His main pronouncements invariably come as an echo of something Mr. Aberhart said a day or two before. When Mr. Aberhart attacks the press. Mr. Manning may be counted on to add his unvaried word to the same theme without delay.

His theological expositions on Sunday likewise, neither improve on nor vary the doctrines of his leader. Like most graduates of the Prophetic Bible Institute, his intonations, inflections, ideas and gestures, in the pulpit and out, are those of Mr. Aberhart. His obvious dependence on his mentor indicates the extent to which his fortunes are tied to those of Mr. Aberhart.

Moreover, Mr. Manning's knowledge and interest in national and international affairs extend no further than the prophetic scheme of things expounded by Mr. Aberhart, in which the foreordained Will of God controls everything. A visitor to his office was surprised to find his view of Canada's position as that of a British colony, which indicates little advance from the grade school view of his not-far-distant boyhood.

Has No Hobbies

A man without hobbies and with few interests outside the Aberhart religious-economic programme, Mr. Manning once said: "I really haven't any time to have any leisure." He explains his support of Social Credit as his effort to do something for the youth of the land. He is an active member of an Edmonton service club.

The position of Mr. Manning as heir-designate in the Aberhart movement has been clarified recently in the reorganization of labor law administration and the creation of the Board of Industrial Relations. This change has added to Mr. Manning's control of the social credit mechanism and the business code powers of the Trade and Industry Act, the control of powers to write and enforce regulation of wages and hours of labor.

In the first place, he was vested with wide powers in the credit experiment. Under the Social Credit Measures Act, of April, 1936, he was chosen to carry out any necessary investigation into schemes for providing Alberta citizens with the full benefits arising from their association. It appears this investigation led Mr. Manning right back to the Aberhart Blue Manual, for the main propositions of that booklet are the basic principles of the Alberta Credit House Act, of September, 1936.

Ex-Banker Second Mate

Mr. Manning thereupon assumed executive responsibility over the credit house, and his deputy minister, W. D. King, became superintendent of the credit house board of management. The same individual is guiding spirit to the advisory board supervising the master code for retail business. Mr. King also recently became a member of the new Board of Industrial Relations, which controls labor statutes dealing with wages and hours of work. Mr. King is thus the key man under Mr. Manning in the Aberhart programme. He is a former bank manager in southern Alberta, and more recently code representative at Calgary until he became the Social Credit selection for deputy of trade and industry.

The Board of Industrial Relations supersedes the old Bureau of Labor in Alberta, and was created under the Hours of Labor Act, passed in the August special session of the legislature. This act enforces a general maximum of hours of work, the 8-hour day and 40-hour week for female workers, and the 9-hour day and 54-hour week for males. It covers all employees in the province, and while exceptions are permissible, none have been made so far. Chairman of the board is Clayton Adams, a Social Credit appointee who had already been employed in Mr. Manning's department.

To Handle Labor Laws

The board will administer most labor laws in Alberta, including the Industrial Standards Act, which, like the Trade and Industry Act, dates back to the last legislature, but under the Aberhart Government has been greatly enlarged and expanded. The Industrial Standards Act provides employee-employer agreements respecting wages and hours, and authorizes such agreements within selected zones and particular industries.

Eighteen such schedules are in effect at present, with more in process of negotiation, and invariably the schedules include agreements on hours of work shorter than the general maximum recently instituted.

A further statute of the Aberhart Government, the Tradesmen's Qualification Act, 1936, authorizes standards of proficiency for a wide range of workmen, requires them to pass examinations and secure certificates. The initial cost to the individual is $5, and each annual renewal is $2. Already 2,273 certificates have been issued, covering classes from auto mechanics to barbers and plumbers.

Still Another Board

One further board remains to be created in Mr. Manning's department, and when it appears it seems that the full machinery of the Social Credit programme will be in existence. It is the Price Spreads Board, which will have power generally to fix prices of goods and service throughout Alberta.

It will be seen that the powers of these various statutes overlap in some instances. Altogether, they provide a framework for the regimentation of business on a scale hitherto unknown in Canada. At present enforcement has not been pressed, the first care being to secure registration of businesses and the certification of labor.

The Master Code applies generally to retail business, and only two minor codes, those for the dry cleaning and the printing industry, have been put into effect. Thus the early intention to adjust the Master Code to particular requirements of various classes of businesses has brought scant results.

What Will He Do?

How far Mr. Manning is going to go with the various powers contained in the statutes that come under him, is difficult to estimate. This is because the implications of the theory of social reconstruction which he is following were never revealed in the campaign which brought Mr. Aberhart to power, nor since that time has he and his ministers revealed much awareness of the ultimate changes required by their programme.

Recently Mr. Manning has been giving some thought to the question of arranging imports of goods from other parts of Canada and other countries for the time when, as the Social Credit party hopes, Alberta will be operating on its own no-cash, all-social credit system.

The Government has shown little appreciation of the difficulties of the wholesalers, who might be more properly regarded as importers, in the proposed system. Mr. Aberhart himself is credited with the suggestion that the retailers arrange to handle their own wholesale business, and the suggestion that the Government might have to do it has been made by Mr. Manning.

The sole answer to the "import" question, arising out of Mr. Manning's investigations, appears to be a scheme of barter, in which large lots of Alberta produce would be exchanged for manufactures wherever available. So far the Aberhart Government has shown no frankness in facing the real question involved in this answer, that the Government itself would have to go into business on a large scale.

Edward G. Tucker

New "G. M." of Consumers' Gas Co. Has Been Trained for His Position

From Junior Clerk to General Manager.

If one were writing the biography of Edward G. Tucker, who was recently appointed general manager of Consumers' Gas Co. of Toronto, in succession to the late Arthur Hewitt, the above caption would no doubt be its title.

From the standpoint of business experience it might be said that Mr. Tucker grew up with Consumers' Gas Co., for he has never had any other employer. Born in Bristol, Eng., in 1890, he moved to this country with his parents in 1909 and settled in Toronto. Early in 1910 he secured his first job as junior clerk with the Consumers' Gas Co.. He has been with the company ever since, working in various capacities in almost every department of the business. As a result he has a first hand knowledge of the various aspects of its operations which will now serve in good stead as its operating head.

Quiet, capable and a hard worker, his advancement was rapid from the outset of his connection with the company. In order to better qualify himself for advancement he studied accounting in his spare time, specializing in public utility accounting. His diligence was soon rewarded for in 1915, at the age of 25, he was appointed accountant and statistician of the company.

In this capacity his duties were gradually enlarged and in 1928 he was made assistant to the general manager. This was followed by his appointment in 1930 as assistant general manager and in the succeeding year he also took on the duties of secretary of the company.

Duties Not New to Him

Actually, Mr. Tucker's duties will not be new to him, for he has been doing much of the work of general manager under the watchful eye of the former president and general manager, the late Arthur Hewitt, for some time.

Not only is he well regarded by his board of directors and other officials of the company, but his ability is held in high respect by those connected with the gas business in both Canada and United States. This is indicated in that he is chairman designate of the accounting section of the American Gas Association and first vice-president of the Canadian Gas Association. The American Gas Association embraces in its membership representatives of all the large natural and manufactured gas companies in the United States and Canada.

Believes in Future of Gas

As would be expected, Mr. Tucker does not believe that the gas business is obsolete or a thing of the past. Rather, he feels that its future is as bright as ever and that there is plenty of room for expansion.

"There is no reason," he told The Financial Post, "why the market for gas cannot be enlarged as long as the company is equipped to give good service and organized to go out after new business. There is plenty of room for the greater use of gas in water heating, refrigeration, house heating and for industrial purposes.

"One thing, however, is essential. The company must have an up-to-date merchandising policy. Whereas in the early days the company sat back and waited for business to come to it, it now merchandises its services in much the same manner as a company that manufactures an article for sale. Furthermore, there is a far greater appreciation today of what public service should be."

Serves His Community

Mr. Tucker has also a keen sense of his social obligation as a Canadian citizen. He feels that every successful businessman should devote something of his time and ability to the welfare of his community and fellow citizens and in support of projects that have as their objective the upbuilding of the commun-

E. G. TUCKER

ity. Thus it is not surprising that he is actively associated with the Federation for Community Service of which he is a director and a member of the executive committee. In addition he was recently appointed chairman of the federation's budget committee.

Another of his major interests outside of business is St. David's Anglican Church where he has been an active member and staunch supporter for many years. For the past 15 years he has been its representative on the synod of the Diocese of Toronto.

Keen Lawn Bowler

Keenly interested in sports, he now limits his activities in this field to lawn bowling, and almost any evening during the summer months can be seen walking up and down the greens of the Rosedale Lawn Bowling Club. This was also the beloved sport of the late Arthur Hewitt, his predecessor. Often they could be seen in friendly rivalry on the Rosedale greens. In fact, they played together just the evening before Mr. Hewitt's sudden death.

In his younger days he played considerable cricket, and five years ago organized the Consumers' Gas Co. Cricket Club of which he is president. There is only one other industrial organization in Toronto which has such a club, that being the Bell Telephone Co.

For many years he also took an active interest in aquatic sports, being associated with the Island Aquatic Association.

He is a member of the Royal Canadian Yacht Club, the Rotary Club, Empire Club, Toronto Board of Trade, Toronto Chemical Association and the Canadian Association of Cost Accountants and Industrial Engineers.

Alberta Debt Up $7 Millions

Cash Deficit Totals $1.6 Million For 1935-36 Fiscal Year

The public accounts of Alberta for the year ended March 31, 1936, show a cash deficit on ordinary account of $1,650,792. This represents a reduction of about $400,000 from the previous year when the deficit amounted to $2,081,760. During the period covered by the report the United Farmers of Alberta held office for five months and the Social Credit Government seven months.

The net debt of the province increased during the year by $7,472,301 to $158,081,350. The increase in the net debt is accounted for by the deficit and special expenditures such as unemployment relief.

Borrowings of the province from the Dominion Government jumped $8,814,000 to a total of $25,217,750. This figure is included in the net debt.

Increased taxes and reductions in bond interest provided for by the budget for the current fiscal year are expected to yield a surplus on ordinary account of $1,731,889.

No steps toward establishment of Social Credit were taken during the year and thus any financial effects are not shown. The effect of the reduction in interest and other economic policies of the government put into effect this year will only be shown when the financial statement for the year ending March 31, 1937, is made available.

What's What In Advertising

By TORY FLEMING

Two products well-known in the United States market but new to Canada will be advertised in this country next year. Copy for Packard Lektro-Shavers and Packard Lektrolites will appear early in 1937. They will be marketed by the Platinum Products Co., Toronto, subsidiary of the Progress Corp., New York. The account will be under the direction of F. H. Hayhurst Co., Toronto.

* * *

Du Maurier Filter Tip cigarettes made their appearance on the Canadian market and in Canadian media last week. A product of Peter Jackson (Overseas) Ltd., London, England, the new brand features a special filter tip designed to clear the smoke before it reaches the smoker. Advertising is handled through Vickers & Benson Ltd., Montreal.

* * *

Ralph A. Pepper has been transferred from the Montreal office of Ronald's Advertising Agency to the Toronto office.

* * *

A. McKim Ltd. have been appointed advertising agents for the Brewing Corp. of Canada.

* * *

Coincident with the National Motor Show in Toronto, automobile manufacturers limbered up their heavy artillery and fired their opening barrages. Chrysler and Hudson followed color presentations in November issues of national magazines with heavy newspaper schedules. Coming later, General Motors opened in the newspapers and will make its biggest magazine splash in December issues. Last of the major motor firms to make its announcement, Ford is now under way with a widespread campaign. Total volume of automotive advertising is well ahead of last year to date in keeping with stepped-up production schedules.

* * *

Advertising is expected to play an important part in the new home modernization loan plan sponsored by the Federal Government through the chartered banks. In fact the whole success of the scheme is dependent on the way it is "sold" to the public. Not only must the fact be published that money is available at the bank to those wishing to spend it on improving their homes, but also the home owner must be aroused to the desirability of having the work done.

* * *

Several of the banks have already undertaken the first half of the job, running fair-sized copy to the effect that loans are now available and outlining the details of the plan. At least one manufacturer of supplies has been alert enough to get an early start on tying in its products with announcement of the plan.

* * *

Crane Ltd. has been using the modernization theme in its copy for some time and was also foresighted enough to be prepared in advance to take advantage of the bank advertising. The firm came out with copy suggesting cleverly that the first thought in modernization has to do with plumbing and heating, materials for which are supplied by Crane.

Consolidated Paper Starts Another Machine

From Our Own Correspondent

MONTREAL.—Consolidated Paper Corp. has put into operation a third newsprint machine at the Port Alfred plant. There are four machines at this point each with a capacity of 125 tons daily so that bringing into operation of the third machine increases the operating capacity to 375 tons daily.

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RONALD, GRIGGS & CO. Winnipeg
Chartered Accountants Saskatoon

MILLAR, MACDONALD & CO.
CHARTERED ACCOUNTANTS
WINNIPEG MANITOBA

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Established 1895
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McDONALD CURRIE & CO.
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DUNWOODY, NICHOLL, SAUL & CO.
CHARTERED ACCOUNTANTS
WINNIPEG, MANITOBA

T. A. GETTY
Chartered Accountant
Suite 302, Walter Scott Bldg.
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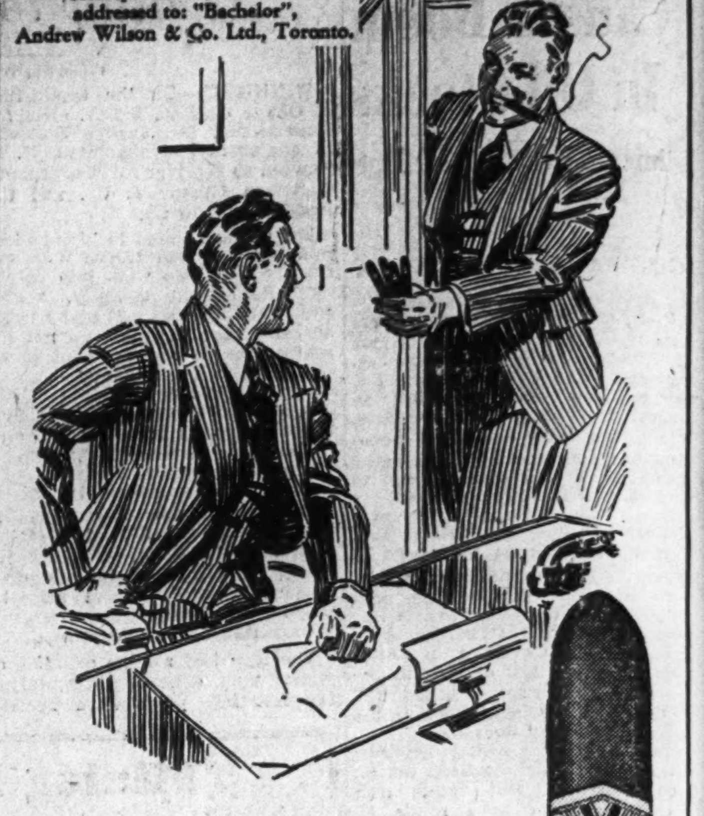
The BACHELOR'S COLUMN correspondence should be addressed to: "Bachelor", Andrew Wilson & Co. Ltd., Toronto.



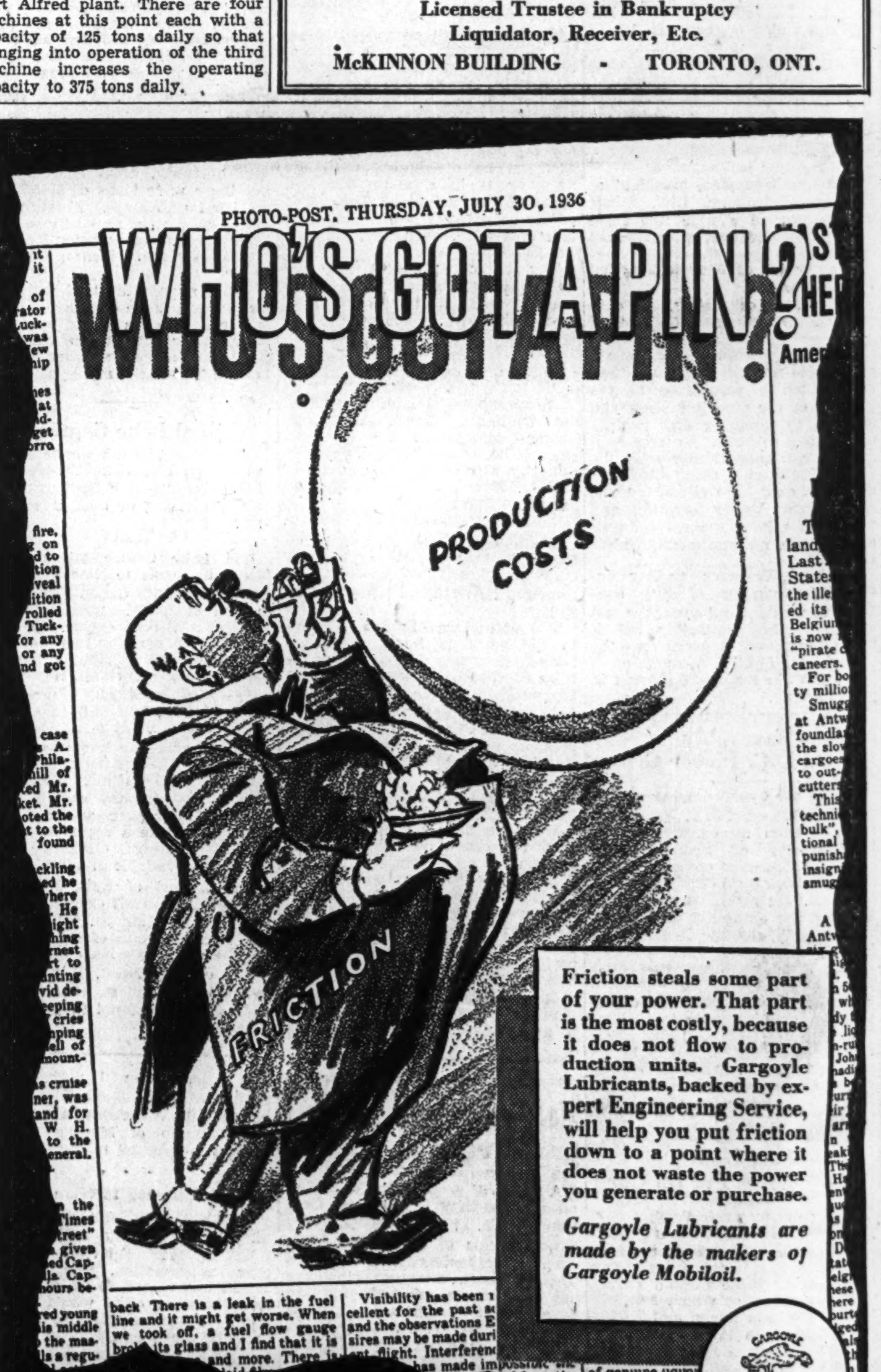
Have a Cigar . . .

JIM burst into my office today with a fistful of Bachelor Cigars and a foolish grin . . . announcing the arrival of a son and heir. While he talked about the baby, I sat back blowing fragrant clouds at the ceiling and thinking what a big part cigars play in our lives . . . when a celebration is in order, or when we wish to congratulate our friends or convey our good wishes. That's especially true at this time of the year . . . In a few weeks now, I'll be saying "Merry Christmas" to a lot of good friends with boxes of pure Havana Bachelor Cigars.

"IT'S GOOD TO GET BACK TO A 10c CIGAR"

WILSON'S BACHELOR Cigar 10¢ 100% Havana Filler

G. S. HOLMESTED
Licensed Trustee in Bankruptcy
Liquidator, Receiver, Etc.
McKINNON BUILDING - TORONTO, ONT.



Friction steals some part of your power. That part is the most costly, because it does not flow to production units. Gargoyle Lubricants, backed by expert Engineering Service, will help you put friction down to a point where it does not waste the power you generate or purchase.

Gargoyle Lubricants are made by the makers of Gargoyle Mobiloil.

GARGOYLE Lubricants

Manufactured by SOCONY-VACUUM OIL CO. INC.
Marketed by IMPERIAL OIL LIMITED
ST. JOHN HALIFAX MONTREAL TORONTO HAMILTON WINNIPEG REGINA SASKATOON CALGARY EDMONTON VANCOUVER